

MINUTES

California Health Facilities Financing Authority
April 8, 2009 – 1:34P.M.
915 Capitol Mall, Room 587
Sacramento, California

Alternate Locations for Teleconference Participation

Asset Strategies
2500 Broadway, Suite 300
Santa Monica, CA 90404
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Patricia Wynne, Chairperson called the meeting to order at 1:34 P.M.

Roll Call

Members Present: Patricia Wynne for Bill Lockyer, State Treasurer
Ruth Holton-Hodson for John Chiang, Controller's Office
Miriam Ingenito for Michael C. Genest, Department of Finance
Harry Bistrin
Judith Frank via teleconference
Ronald Joseph
Dr. Oscar Sablan
Jack Buckhorn

Members Absent: Sumi Sousa

Staff Present: Barbara J. Liebert, Executive Director
Ronald Washington, Deputy Executive Director
Greg Matayoshi, Macias Gini & O'Connell LLP

The Chair declared a quorum present.

Item #2

Catholic Healthcare West, San Francisco, California Resolution No. 336

Ms. Liebert welcomed Catholic Healthcare West (CHW) back to CHFFA. Ms. Liebert stated that CHW was seeking \$600 million in tax-exempt financing to be used to finance various capital improvement projects as well as refund all or a portion of their outstanding Variable Rate Demand Bonds. Ms. Liebert stated that staff recommended approval of this transaction subject to the terms and conditions contained in the staff report and subject to the Authority's bond issuance guidelines, and the TEFRA hearing.

Representing Catholic Healthcare West: Ms. Jean Ham, Director, Debt Management, Catholic Healthcare West; and, Mr. Gerald McGovern, Partner, Sidley Austin LLP, Bond Counsel.

Ms. Ham stated that the majority of the projects are at their hospitals through out the State and include a Cancer Center at St. Mary's Medical Center, a Heart Tower at Mercy General Hospital, a Patient Pavilion at St. Joseph Medical Center, and a New Tower at Mercy San Juan Hospital. Ms. Ham stated that these projects address patient beds or seismic regulations to fulfill SB 1953.

Ms. Holton-Hodson asked why CHW felt this was the optimal time to move forward with this financing, and asked how receptive would the market be.

Ms. Ham stated that CHW has been planning this transaction since last fall and is working very closely with their investment bankers. Since the beginning of the calendar year, CHW has been watching the market come back. Ms. Ham stated that CHW has looked at the general municipal market for government issuers, such as California or other higher educational facilities, and the market has been very successful in selling because retail buyers have stepped up into the market and have taken the place of institutional buyers. Ms. Ham stated that CHW has also observed the market improve in healthcare. Ms. Ham stated that CHW upsized this financing in order to take advantage of the market if it is receptive, but is prepared to scale down the financing should it be needed. Ms. Ham stated that CHW's priority is to get the new money so as to continue with the construction and if the market is receptive, they will go forward with some refundings.

Mr. Bistrin noted that CHW experienced a terrible investment period since their fiscal year end and had lost approximately \$550 million dollars. Mr. Bistrin wanted to know how the first quarter investments looked.

Ms. Ham responded that from an operative standpoint, CHW is doing fine and while there were tremendous investment losses throughout CHW's financial statements, most of it was non-cash. Ms. Ham stated that out of the \$520 million in losses, \$462 million was non-cash and again, from an operations standpoint, CHW is doing fine. Ms. Ham stated that the March results have not been finalized, but for the first two months, there has been some pressure on revenues, but nothing alarming or out of line with how the market is doing. Ms. Ham stated that healthcare, in general, as an industry is under pressure and will continue to be throughout this year. CHW expects to end their fiscal year with a very strong debt service coverage.

Mr. Buckhorn asked if all the projects were underway at this time. Ms. Ham stated that they were.

Mr. Bistrin moved for the adoption of the resolution and Mr. Joseph seconded the motion. The motion was adopted with an 8-0 vote.

Ms. Leibert stated due to changes in the market, staff will be looking at their bond issuance guidelines and would be bringing a presentation before the board at a future meeting for discussion.

With no other business or public comment, the meeting was adjourned at 1:45 P.M.