

**CALIFORNIA HEALTH FACILITIES FINANCING AUTHORITY
BOND FINANCING PROGRAM**

**CATHOLIC HEALTHCARE WEST
RESOLUTION NO. 347-A**

Summary of Issue

On August 31, 2009 Catholic Healthcare West (“CHW”) submitted an application to the Authority requesting the issuance of not more than \$285 million in revenue bonds for the purpose of refunding several issues of revenue bonds previously issued for the benefit of CHW and certain of its affiliates.

Authority staff thereafter engaged in the review and analysis of CHW’s application and preparation of a staff report in anticipation of the Authority’s October 8, 2009 meeting date. In compliance with Government Code section 11125, notice was timely disseminated on September 28, 2009 informing interested parties and the public generally of the October 8, 2009 meeting date and CHW’s aforementioned request for revenue bonds.

Following the publication of notice, CHW noticed that interest rates on tax-exempt health care revenue bonds had fallen significantly which then caused CHW to evaluate whether the reduction might merit refunding additional bonds in order to maximize their savings on debt service. CHW continued to watch the market and ultimately concluded it was in their best interests to maximize savings and to refund \$350 million in additional revenue bonds previously issued for the benefit of CHW and its affiliates.

CHW seeks to include the refunding of these additional revenue bonds in CHW’s existing request scheduled to be considered at the Authority’s October 8, 2009 meeting. CHW has explained that delaying the refunding request until the Authority’s next scheduled meeting at the end of October would potentially close the window of opportunity to realize savings currently presented by the recent drop in interest rates.

Government Code section 11125.3(a)(2) permits the Authority to approve CHW’s request for additional financing on October 8, 2009, absent compliance with the aforementioned Government Code section 11125, if two-thirds of its governing body or, if less than two-thirds of the members are present, a unanimous vote of those members present, determine that there exists a need to take immediate action and the need for immediate action came to the attention of the Authority subsequent to September 28, 2009.

Authority staff concurs with CHW’s conclusion that an immediate need has presented itself and further confirms for the board that the need for CHW’s augmentation of the proposed refunding came to staff’s attention subsequent to September 28, 2009.

Compliance with Government Code section 11125 (which requires 10 day notice) would delay approval of CHW's financing application and such delay potentially threatens the savings CHW hopes to realize from the requested refunding bond issues.

To accommodate CHW's request, staff provided notice on October 2, 2009 via an amended agenda reflecting additional items for CHW to interested parties and news organizations as required by Section 11125.3(b) of the Government Code.

Staff Recommendation:

Staff recommends the Authority find, pursuant to Section 11125.3(a)(2) of the Government Code, that a need exists for the Authority to take immediate action and further, that the need for action came to the attention of the Authority after the agenda had already been properly noticed pursuant to Government Code section 11125.