



NEWS RELEASE

CALIFORNIA STATE TREASURER BILL LOCKYER

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Treasurer Lockyer Announces Record Financing Deal to Construct, Renovate Northern California Hospitals, Aid Rural and Small Facilities Sutter to Donate \$8.5 Million for Community Health Care as Part of \$958 Million Deal

SACRAMENTO – State Treasurer Bill Lockyer today announced the approval of a record \$958 million in tax-exempt financing for Sutter Health to pay for construction, renovation and the purchase of new equipment at six of its Northern California facilities. As part of the deal, Sutter will donate \$8.5 million to small and rural health care facilities outside the Sutter network, in addition to their current charitable contributions.

“With this record deal, California is taking a positive step toward providing adequate health care for all its citizens,” said Lockyer. “This project will expand access to care, improve the quality of service, and ensure that hospitals are seismically sound. CHFFA’s community oriented approach to this deal ensures that Sutter will make an appropriate commitment not only to excellent patient care for its consumers, but to the communities at large, as well.”

Over the next six years, Sutter will provide \$4 million to rural hospitals for the creation of an electronic records system. Sutter will also donate \$750,000 annually to community clinics. California law states that entities receiving tax-exempt bond financing from CHFFA must, in turn, use all or part of any savings to benefit the general public. To add clarity to the current public benefit requirement, CHFFA is working to revise its guidelines. The new guidelines will aim to make the process easier for applicants and provide more predictability to help comply with the provisions.

The California Health Facilities Financing Authority (CHFFA) today approved the Sutter deal, the largest ever issued by CHFFA. The transaction includes a new medical office building, replacement hospitals to meet seismic requirements, and the expansion of existing facilities. Included in the Sutter plan is Mills-Peninsula Health Services’ new 600,000 square foot project, including a 243-bed hospital, to serve the Bay Area and replace the existing facility, in compliance with seismic safety requirements. Sutter Roseville will expand its neonatal intensive care unit and add 85 beds to its Acute Rehab and Vent programs that focus on brain and spinal cord injury, stroke and neurology conditions, and orthopedic trauma.

Memorial Medical Center in Modesto will expand to meet the demands of increased population growth, as will Sutter Amador in Jackson, Amador County’s sole hospital facility. Sutter Gould Medical Foundation also will grow its facilities in the Stockton area, providing expanded service to the region and greater convenience to residents by reducing the need to travel elsewhere for services.

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In addition to the Sutter deal, CHFFA also issued low-interest loans for three small and rural health care facilities in Eureka, Sacramento and Los Angeles. The transactions were the first since CHFFA expanded the "HELP II" loan program in January to broaden eligibility and increase loan amounts. Humboldt Senior Resource Center in Eureka will use a \$750,000 loan to construct a new Alzheimer's Center, while Strategies for Change in Sacramento, a chemical dependency treatment center, will use the same amount to purchase a currently leased facility. The Etta Israel Center for the Developmentally Disabled in Los Angeles will use \$481,000 to payoff existing debt.

Chaired by Lockyer as State Treasurer, CHFFA provides low-cost financial assistance to public hospitals and private, non-profit health care providers in California. Funding provided through CHFFA can be used for construction, remodeling or renovation, acquisition of land or existing facilities, purchase or lease of equipment, working capital for start-up facilities, and other purposes. CHFFA has financed a wide range of providers and programs throughout the state, from rural, community-based organizations to large multi-hospital systems.

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