CALIFORNIA HEALTH FACILITIES FINANCING AUTHORITY ("Authority")
STAFF SUMMARY AND RECOMMENDATION

Clinicas de Salud del Pueblo, Inc. ("Clinicas")

Resolution Number 2012-01

January 26, 2012

BACKGROUND:
At its December 6, 2007 board meeting, the Authority approved Resolution No. 325, which authorized an issuance of bonds as part of a pooled financing in an amount not to exceed $6,250,000. The Authority loaned the bond proceeds to Valley Health Team, Inc. ("Valley") and Clinicas de Salud del Pueblo, Inc. ("Clinicas"). Clinicas used the proceeds to refund Certificates of Participation issued by the Local Medical Facilities Financing Authority in 1992 and to refund revenue bonds issued by the Authority in 1998. The CHFFA Series 2008 Bonds (the "Bonds") are secured by a Cal-Mortgage Insurance commitment.

Clinicas provides primary health care to the low income and medically underserved populations of Imperial and Riverside Counties. Clinicas offers comprehensive preventative and treatment services, pediatric care, adult medicine, family planning, perinatal care and delivery, health education, HIV testing and treatment, Women, Infant and Child food voucher program and some laboratory services.

PURPOSE OF THE REQUEST:
Clinicas requests the Authority approve the following amendments to the Indenture, dated March 1, 2008: 1) differentiate and clarify what portion of each maturity is allocable solely to Clinicas, 2) allow for an optional redemption for the Clinicas' portion and 3) shorten the notice period for optional redemptions.

Currently, the Indenture does not differentiate the obligations between Clinicas and Valley nor does it allow for redemption of the Bonds. Therefore, Clinicas has requested the Authority and the Trustee amend the Indenture such that it may redeem its portion of the Bonds which is $4,500,000. These amendments will only pertain to Clinicas' portion of the Bonds and will require the bondholder's consent. The redemption of the Bonds will release Clinicas from the Cal Mortgage Insurance requirements.

The Original Indenture provides that the 2008 Bonds maturing prior to July 1, 2032, are not subject to optional redemption prior to maturity until July 1, 2018. Therefore, Clinicas has requested that the Original Indenture be amended to permit the immediate redemption.

Rabobank has agreed to provide Clinicas with a loan with terms to allow for the prepayment of the Bonds. Clinicas desires to redeem the Bonds in early February 2012, which would require a shortened notice period to the bond holder.

While the Bonds were originally purchased in 2008 by United Health Group ("United"), the Bonds are actually registered in the name of Cede & Co., which is the nominee name of the Depository Trust Company ("DTC"). However, United is not a direct participant in the DTC system. The Bonds are sub-registered with a direct participant in the DTC system which is Northern Trust Company. United has given its consent to amend the Indenture and Bond Counsel is working with the U.S. Bank, who is the Trustee, to work through the hierarchy to confirm bondholder's consent.

RECOMMENDATION:
Staff recommends the Authority approve Resolution Number 2012-01 for Clinicas de Salud del Pueblo, Inc., amending the Indenture dated March 1, 2008 to allow an Optional Redemption prior to the call date, clarify what portion of each maturity is allocable to Clinicas de Salud del Pueblo, Inc. and shorten the notice period for optional redemptions thus permitting the immediate redemption of the 2008 Bonds allocable to it.

(PD)

FINANCING TEAM

Trustee:	U.S. Bank
Bond Counsel:	Quint & Thimmig LLP
Underwriter:	Wulff, Hansen & Co.
Bond Holder:	United Health Group
Private Lender:	Rabobank

RESOLUTION NO. 2010-01

**RESOLUTION OF THE
CALIFORNIA HEALTH FACILITIES FINANCING AUTHORITY
RELATING TO ITS $6,250,000 CALIFORNIA HEALTH FACILITIES FINANCING AUTHORITY INSURED REVENUE BONDS (CLINICAS DE SALUD DEL PUEBLO, INC. AND VALLEY HEALTH TEAM, INC.) 2008 SERIES A**

WHEREAS, the California Health Facilities Financing Authority (the "Authority"), a public instrumentality of the State of California, is authorized and empowered by the provisions of the California Health Facilities Financing Authority Act (the "Act") to issue revenue bonds to finance the construction, expansion, remodeling, renovation, furnishing, equipping, and acquisition of health facilities operated by participating health institutions (including by reimbursing expenditures made or refinancing indebtedness incurred for such purpose);

WHEREAS, the Authority and U.S. Bank National Association (the "Trustee") have executed and delivered that certain Indenture, dated as of March 1, 2008, by and between the Authority and the Trustee (the "Original Indenture") under and pursuant to which the Authority issued its $6,250,000 California Health Facilities Financing Authority Insured Revenue Bonds (Clinicas de Salud del Pueblo, Inc. and Valley Health Team, Inc.) 2008 Series A (the "2008 Bonds");

WHEREAS, the proceeds of the 2008 Bonds were used to fund loans to Clinicas de Salud del Pueblo, Inc. ("Clinicas") and Valley Health Team, Inc. ("Valley") to finance and refinance projects for Clinicas and Valley;

WHEREAS, Clinicas has indicated its desire to prepay its loan and to provide for the refunding of the portion of the 2008 Bonds allocable to it;

WHEREAS, the Original Indenture provides that the 2008 Bonds maturing prior to July 1, 2032, are not subject to optional redemption prior to maturity and that the 2008 Bonds maturing on July 1, 2032, are not subject to optional redemption prior to July 1, 2018;

WHEREAS, Clinicas has requested that the Original Indenture be amended to permit the immediate redemption of the 2008 Bond allocable to it and the owner of 100% of the outstanding 2008 Bonds and the Office (as defined in the Original Indenture) have approved such amendment; and

WHEREAS, Clinicas has also requested that the Original Indenture be amended to clarify the allocation of the amounts payable on the 2008 Bonds by Clinicas and Valley and to shorten the time period for notices of redemption;

NOW, THEREFORE, BE IT RESOLVED by the California Health Facilities Financing Authority, as follows:

Section 1. An amendment to the Original Indenture (the "First Amendment") is hereby approved in the form on file with the Authority prior to this meeting, with such insertions, deletions or changes therein as the officer(s) executing and/or delivering the same may require or approve, such approval to be conclusively evidenced by execution and delivery thereof.

Section 2. Each officer of the Authority is hereby authorized and directed to do any and all things necessary or advisable in order to effectuate the purposes of this Resolution and the First Amendment.

Section 3. The provisions of the Authority's Resolution No. 2011-15 apply to the documents and actions approved in this Resolution.

Section 4. The Authority hereby approves and ratifies each and every action taken by its officers, agents and employees prior to the date hereof in furtherance of the purposes of this Resolution.

Section 5. This Resolution shall take effect from and after the date of adoption.

Date of adoption:_____