CALIFORNIA HEALTH FACILITIES FINANCING AUTHORITY ("Authority")

Ratification of Resolution No. 2012-04

HELP II Loan Program Maximum Loan Amount

April 26, 2012

At the March 29, 2012 Authority meeting, staff presented an information item to the board concerning the maximum cumulative loan amount of $750,000 as was then in place for the Authority's HELP II Loan Program. After staff presentation, the board chose to convert the information item to an action item as permitted by the Authority's agenda and then entertained a motion to increase the maximum cumulative loan amount to $1,000,000 in accordance with staff's suggestions, with some modifications, as set forth with more particularity in the attached resolution. At the time of the March 29, 2012 board meeting, counsel to the Authority advised staff to prepare a resolution to memorialize the direction provided by the board. Counsel then further directed staff to request board ratification of the resolution at the Authority's next board meeting. Accordingly, staff recommends ratification of the attached Resolution No. 2012-04.

RESOLUTION NO. 2012-04

RESOLUTION OF THE
CALIFORNIA HEALTH FACILTIES FINANCING AUTHORITY
APPROVING CHANGES TO THE HELP II LOAN PROGRAM

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 provide secured or unsecured loans to participating health institutions to finance the acquisition, construction, expansion, remodeling, renovation, improvement, furnishing, or equipping of a health facility; and

WHEREAS, the Authority has created the HELP II Loan Program (the "Program") to fund direct loans to participating health institutions as authorized under the Act, and

WHEREAS, the Authority desires to adjust aspects of the existing Program with the purpose of enhancing access under the Program;

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

Section 1. The Authority hereby amends the Program to increase the maximum cumulative loan amount from $750,000 to $1,000,000.

Section 2. The Authority hereby establishes a minimum floor of $6,000,000 for the HELP II fund balance as a mechanism to safeguard the HELP II fund balance. If the HELP II fund balance decreases to the minimum floor, staff may not consider loan applications which request funds in excess of a $750,000[1] cumulative loan amount without prior board approval. If the HELP II fund balance decreases to the minimum floor, staff shall bring such event to the attention of the board with any recommendations as may be appropriate, including whether to seek authority from the Legislature to transfer funds from the Authority's fund balance.

Section 3. In consultation with the Authority's financial advisor, staff is hereby directed to annually evaluate the impact to the HELP II fund balance as a result of raising the maximum cumulative loan amount while also considering loan repayments, income from closed loan transactions and loan disbursements. Staff shall present the review, any findings deriving therefrom and any recommendations as may be appropriate to the board.

[1] The staff report presented by staff at the March 29, 2012 board meeting incorrectly stated $1,000,000. This resolution corrects that error by noting the correct amount of $750,000 as discussed during the meeting.

Section 4. In consultation with the Authority's financial advisor, staff is also directed, at a minimum of every five years, to thoroughly evaluate the impact to the HELP II fund balance as a result of raising the maximum cumulative loan amount, to project the continuing impact the increase will have over the following decade and to present the review, any findings deriving therefrom and any recommendations as may be appropriate to the board.

Section 5. All other aspects of the Program remain unchanged.

Date Adopted by Board: _____

Date Ratified by Board: _____