

OFFICIAL MINUTES
California Health Facilities Financing Authority

915 Capitol Mall, Room 587
Sacramento, California
Thursday, February 27, 2003
2:00 PM

The Meeting was called to order by Barbara Lloyd sitting for Chairman Philip Angelides. Members present were Cindi Aronberg (sitting for Steve Westly), Robert Miyashiro (sitting for Steve Peace), Harry Bistrin, Judith Frank, Dr. Theodore Hariton, and George Monardo. Also present were staff members Terry Partington, Deputy Executive Director, Tom Noguerola, Counsel to the Authority, Gina Geer, Attorney General's Office, and Bob Kittridge, Financial Advisor, PricewaterhouseCooper's LLP. Barbara Lloyd departed after the Citrus Valley Health Partners, Inc., was voted on by the Authority; Cathy Calfo chaired the remaining portion of the meeting.

The minutes of the January 30, 2003, meeting were approved as submitted.

The Executive Director's Report was presented by the Deputy Executive Director covering the month of January 2003. As of January 31, 2003, bonds outstanding totaled \$6,391,833,588 and the fund balance was \$7,215,085.20. The Deputy Executive Director also reported that there were 10 borrowers with over \$100 million in CHFFA debt with a combined balance outstanding of \$5,005,373,498, which represents 78% of all CHFFA debt outstanding, and 10 equipment financings with a total balance outstanding of \$52,953,144. No equipment financings closed in January. The Deputy Executive Director also reported a HELP II loan fund balance of \$13,009,761; a HealthCAP balance of \$950,000 and a clinic grant fund balance of \$6,702,996, as of January 31, 2003. The Deputy Executive Director also included the total outstanding debt for borrowers on the Comprehensive Debt List Summary report.

Resolution No. E-22 – Citrus Valley Health Partners, Inc. ("CVHP") requested the Authority to approve an Equipment resolution in an amount not to exceed \$4,847,700. CVHP will use the loan proceeds to purchase a CT Scanner, two Cardiac Catheterization Labs and remodel the orthopedic unit to house the two Cardiac Catheterization Labs. Staff recommended the Authority approve an Equipment resolution for Citrus Valley Health Partners, Inc. in an amount not to exceed \$4,847,700 with a term of five and one-half years. After discussion by the Authority, a motion was made and seconded and the resolution was approved by a 6-1 vote. (Frank Nay)

Resolution No. HII-140 – Didi Hirsch Psychiatric Services dba Didi Hirsch Community Mental Health Center ("Didi Hirsch") requested the Authority to approve a HELP II resolution in an amount not to exceed \$400,000. Didi Hirsch will use the loan proceeds to purchase a currently leased mental health facility located in the City of Los Angeles. Purchasing a permanent facility versus leasing would be more cost effective and would result in an annual savings of approximately \$12,000. Staff recommended the Authority approve a resolution for a HELP II Loan in an amount not to exceed \$400,000 for a term of 15 years for Didi Hirsch Psychiatric Services dba Didi Hirsch Community Mental Health Center, subject to a final appraised value on the subject property satisfactory to the Authority and the standard HELP II loan provisions. After discussion by the Authority, a motion was made and seconded and the resolution was unanimously approved.

Resolution No. HII-141 – Lake County Tribal Health Consortium, Inc. ("LCTH") requested the Authority to approve a HELP II resolution in an amount not to exceed \$400,000. LCTH will use HELP II loan proceeds and \$1 million from a HealthCAP loan to purchase a 110-

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acre property, which is currently in escrow. Grants from Indian Health Services amounting to \$3.8 million will be used to construct a new building and renovate others on the property. Staff recommended the Authority approve a resolution for a HELP II Loan in an amount not to exceed \$400,000 for a term of 15 years for Lake County Tribal Health Consortium, Inc., subject to a final appraised value on subject property satisfactory to the Authority, final approval of the HealthCAP loan, satisfactory evidence that the facility will receive the grant monies from the tribes and the standard HELP II loan provisions. In addition, staff recommended that the Authority be notified of future use of the property, which must be consistent with purposes of the Authority's Act; or if not consistent, either 1) such areas must be parceled out and the balance of the property must be re-appraised at a value consistent with Authority loan requirements, or 2) the Authority and HealthCAP loans must be paid in full. After discussion by the Authority, a motion was made and seconded and the resolution was unanimously approved.

Resolution No. HII-142 – Southern Indian Health Council, Inc. (“SIHC”) requested the Authority approve a HELP II resolution in an amount not to exceed \$400,000. SIHC will use the loan proceeds to expand the new facility in Campo, which is expected to break ground in six weeks. Staff recommended the Authority approve a resolution for a HELP II Loan in an amount not to exceed \$400,000 for a term of 15 years for Southern Indian Health Council, Inc., subject to the standard HELP II loan provisions and a debt service reserve fund of \$40,000. After discussion by the Authority, a motion was made and seconded and the resolution was unanimously approved.

Amendment to Resolution No. HII-127 – Neighborhood House of North Richmond (“NH”) requested a change to a contingency requiring verification of receipt of a federal grant, which the Authority required when its HELP II loan was approved at the October 31, 2002 meeting. NH's purchase contract expires March 15, 2003, and since NH is not certain that a \$1.5 million grant will be received by that time, it is obtaining a \$600,000 loan, secured by another NH property, which will provide the balance of the funds needed to purchase and renovate the property. Staff recommended the Authority approve the amendment based on the sufficiency of collateral, adequacy of projected debt service coverage (including this new loan), as well as requirements instituted by the lead lender, including payoff of the \$600,000 loan with proceeds of the grant, verification of additional sources of operating revenue and covenants limiting additional debt. After discussion by the Authority, a motion was made and seconded and the resolution was unanimously approved.

Resolution No. 2003-01 – San Diego Hospital Association (“SDHA”) requested the Authority to approve a resolution allowing them to tender and purchase its outstanding Series 1992A and Series 1992B bonds (the “Bonds”). After the tendering and purchasing of all of the Bonds delivered by current Bondholders in response to a tender offer, SDHA would waive its right to optionally call the Bonds under the existing terms of each Indenture. The tender Bonds would then be sold without the optional call rights to the market. Bonds not tendered will be redeemed. By selling the Bonds in this manner, rather than issuing refunding bonds, SDHA would recognize considerable savings. Staff recommended the Authority approve and authorize execution and delivery of the supplemental tax certificates and the filing of one or more Form 8038 with the Internal Revenue Service for San Diego Hospital Association Insured Revenue Refunding Bonds

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Series 1992A and 1992B. After discussion by the Authority, a motion was made and seconded and the resolution was unanimously approved.

Staff presented the quarterly report of the HELP II Loan Program.

Having no other business, the meeting was adjourned.