

**OFFICIAL MINUTES**  
**California Health Facilities Financing Authority**

**915 Capitol Mall, Room 587**  
**Sacramento, California**  
**Thursday, February 24, 2005**  
**1:45 PM**

The meeting was called to order by Mark Paul sitting for Chairman Philip Angelides. Members present were Anne Sheehan (sitting for Tom Campbell), Cindy Aronberg (sitting for Steve Westly), and Harry Bistrin, Judith Frank and Dr. Theodore Hariton. Also present were staff members Sandra Simpson-Fontaine, Executive Director, Greg Rogers, Deputy Executive Director, Jack Zorman, Counsel to the Authority, Molly Arnold, Attorney General's Office, and Peggy Arrivas, Financial Advisor, PricewaterhouseCoopers LLP.

The minutes of the January 27, 2005 meeting were approved as submitted.

The Executive Director's Report was presented covering the month of January 2005. As of January 31, 2005, bonds outstanding totaled \$5,983,066,172 and the fund balance was \$7,471,263.11. There were 10 borrowers with over \$100 million in CHFFA debt with a combined balance outstanding of \$4,469,815,000, which represents 75% of all CHFFA debt outstanding, and 8 equipment financings with a total balance outstanding of \$36,464,062. The Executive Director also reported a HELP II fund balance of \$11,501,399; a HealthCAP balance of \$0.00 and a clinic grant fund balance of \$3,325,143, as of January 31, 2005. The Executive Director also reported that the Office of Administrative Law approved the Children's Hospital Bond Act of 2004 and the Children Hospitals can now start submitting applications for grant funds. The Executive Director also announced that the \$35M from Anthem Inc. and WellPoint Health Systems Inc., has been deposited into the Authority's account and should be ready to start accepting applications within 120 days.

**Resolution No. F-308** – Various CHFFA borrowers requested the Authority approve a resolution in an amount not to exceed \$24,080,000 for the Small Facilities Refinancing Program to refinance existing debt. The proposed financing would include Community Medical Centers, Inc., \$3,440,000, Southern California Alcohol & Drug Programs \$2,015,000, The California Autism Foundation, Inc. \$4,245,000, Clinicas Del Camino Real, Inc. \$10,075,000, Social Model Recovery Systems, Inc. \$1,020,000, Verdugo Mental Health \$1,100,000 and Asian Community Center of Sacramento Valley, Inc. \$2,185,000, totaling \$24,080,000. Cal Mortgage will insure the issuance. The refinancing includes the STARTS B Bonds and other outstanding debt. Additionally, the shortage in the STARTS B Bonds Debt Service Reserve Fund would be corrected which is a result of lower than expected interest earnings and withdrawals by the Trustee to pay debt service. The proposed refinancing will provide an average net present value savings of 12.17% and correct an existing shortage for certain borrowers in the Debt Service Reserve Fund for the Authority's Insured Health Facility Revenue Bonds (Small Facilities Pooled Loan Program), Series B issued in 1994 (the STARTS B Bonds). Staff recommends the Authority approve the Resolution for the

**Official Minutes**

**Thursday, February 24, 2005**

**Page 2**

various borrowers in an amount not to exceed \$24,080,000 subject to each borrower's Cal Mortgage Insurance Commitment.

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

**Resolution No. HII-159** – West County Health Centers, Inc. (West County) requested the Authority to approve an extension of three months to close its HELP II loan due to delays in the permit review process beyond its control. West County also requested an increased loan amount of \$212,000, which would bring their total HELP II loan balance to the maximum allowed amount of \$400,000. Staff recommended the Authority approve the amendment to the resolution extending the expiration to May 27, 2005 and increase the loan amount to \$212,000, all other conditions of the resolution will remain in place. After discussion by the Authority, a motion was made and seconded and the resolution was unanimously approved.

**Resolution No. 2005-02** – Adventist Health System/West 2002 Series A&B issued by the Authority in March 2002, intends to deliver a Substitute Credit Facility and Substitute Liquidity Facility from Wachovia for each series of the bonds to become effective on March 17, 2005 and request the Authority's consent. Staff recommended the Authority approve the resolution consenting to a Substitute Credit Facility for each of the 2002 Series A&B bonds, providing that such Facility will be materially the same as the existing Facility, subject to maintenance of current bond ratings, and the delivery of a favorable opinion of bond counsel. Staff further recommended approval of a replacement of the Remarketing Agent, to be selected from the Treasurer's list of approved underwriters. After discussion by the Authority, a motion was made and seconded and the resolution was unanimously approved.

**Resolution No. 2005-03** – Authority staff requested that the Executive Director (or Deputy Executive Director) be delegated the authority to execute any written instrument that is required by the bond documents, or necessary to effectuate any liquidity or credit facility substitution, or is included in the listing of amendments or other transactions on condition that the Authority is provided with an opinion of bond counsel that complies with the terms of the applicable bond documents and, if not otherwise required, provides that the bond document amendment does not, in and of itself, cause the interest on the bonds to be includable in gross income for federal income tax purposes, and the amendment does not provide for any additional material duties of, or material costs to, the Authority. Staff also provided a listing of permitted amendments and other transactions. Which are to add to the covenants and agreements of the Participating Health Institution or of the provider of any Facility Substitution, to assign or pledge additional security for any of the applicable bonds, to cure any ambiguity, inconsistency or omission or supplement any defective provision, to permit the qualification of any indenture or supplemental indenture under the Trust Indenture Act of 1939, or any similar federal statute, to provide for any additional procedures, covenants or agreements necessary to maintain the tax-exempt status of interest on the applicable bonds, to modify or eliminate the book-entry registration system for any of the applicable bonds, to provide for the appointment of a co-trustee or the succession of a new trustee, tender agent or remarketing agent authorized pursuant to the terms of the Bond Document; or to provide for an

**Official Minutes**

**Thursday, February 24, 2005**

**Page 3**

extension of a liquidity facility or the provision of an alternate liquidity facility which meets the terms of the bond documents. After discussion by the Authority, a motion was made and seconded and the resolution was unanimously approved.

Staff made a presentation to the Authority regarding the proposed revisions to the HELP II Loan Program Application and the Bond Financing Program Application. The new applications attempt to simplify and streamline the loan application process, thus making it more user-friendly to our borrowers, yet still providing the necessary information to complete our financial analysis. After discussion by the Authority, it was recommended that the new applications be adopted as presented on a six to nine-month Pilot Program, with one exception. The exception was on the HELP II Loan Program resumes, shall be required for all persons on the management team.

Peggy Arrivas of PricewaterhouseCoopers LLP made a presentation to the Authority regarding the Financial Results of the CHFFA borrowers.

**Other Business** – Having no other business, the meeting was adjourned.