

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

**915 Capitol Mall, Room 587
Sacramento, California
Wednesday, August 31, 2005
2:30 PM**

The meeting was called to order by Mark Paul sitting for Chairman Philip Angelides. Members present were Anne Sheehan (sitting for Tom Campbell), Nick Smith (sitting for Steve Westly) and Sumi Sousa. Members on teleconference were Judith Frank, located at 304 S. Broadway, Los Angeles, CA, Dr. Oscar Sablan, located at 927 "O" Street, Firebaugh, CA, Harry Bistrin, located at 104 W. Church Street, Ukiah, CA, and Dr. Theodore Hariton, located at 65344 East Rocky Mesa Drive, Tucson, AZ. Also present were staff members Sandra Simpson-Fontaine, Executive Director, Greg Rogers, Deputy Executive Director, Julia Bilaver, Counsel to the Authority, and Peggy Arrivas, Financial Advisor, PricewaterhouseCoopers LLP.

Resolution No. 2005-14 – The Service Employees International Union ("SEIU") was seeking support from the Authority to adopt a Resolution for the Attorney General's Office to investigate Sutter Health's requirement for the Pass Through Savings obligation as described in the Authority's Act. The SEIU was charging that Sutter Health is not in compliance with the Authority's Act citing increased pricing in recent years leading to higher than statewide consumer prices throughout the Sutter hospital system. Further, the SEIU referenced the California Public Employees Retirement System dropping 12 Sutter hospitals from its Blue Shield HMO network for high costs and failure to meet quality standards. The SEIU is therefore requesting that the Attorney General's Office investigate if Sutter Health is meeting the requirements of the Authority's Act and provide a legal opinion as to any violations, and further seeks the Attorney General's Office guidance on actions available to the Authority in order to remedy any such violations. Staff recommended that the Board seek advice from the Attorney General's Office about what findings the Authority would need to make to find any borrower out of compliance with the Authority's Act pass through savings obligation, what process it needs to follow to make such findings, and what remedies exist in law if a borrower is found to be out of compliance. During the discussion Dr. Sablan made an announcement that he needed to leave due to an emergency. After discussion by the Authority, a motion was made and seconded to amend the staff recommendation to add a final line that the Authority request the Attorney General's Office to assist staff in conducting a technical analysis of Sutter's performance to determine whether it is in compliance with the pass through savings obligation. There was a roll call vote and the resolution failed. (4 Nays and 3 Ayes. Bistrin, Frank, Hariton and Sheehan Nays; Sousa, Smith and Paul Ayes). A second motion was made and seconded to approve staff's recommendation. There was a roll call vote and the resolution was unanimously approved.

Having no other business, the meeting was adjourned.