

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

**915 Capitol Mall, Room 587
Sacramento, California
Thursday, October 31, 2002
1:45 PM**

The Meeting was called to order by Anne Stausboll sitting for Chairman Philip Angelides. Members present were Annette Porini (sitting for Tim Gage), Cindi Aronberg (sitting for Kathleen Connell) Judith Frank, Dr. A. Richard Grossman, Dr. Theodore Hariton, and George Monardo. Also present were staff members Sumi Sousa, Executive Director, Terry Partington, Deputy Executive Director, Tom Noguerola, Counsel to the Authority.

The minutes of the September 26, 2002, meeting were approved as submitted.

The Executive Director's Report was presented covering the months of August and September 2002. As of September 30, 2002, bonds outstanding totaled \$6,370,809,540 and the fund balance was \$7,470,831.21. The Executive Director also reported that there were 10 borrowers with over \$100 million in CHFFA debt with a combined balance outstanding of \$5,030,106,789, which represents 79% of all CHFFA debt outstanding, and 9 equipment financings with a total balance outstanding of \$53,347,430. The Executive Director also reported a HELP II loan fund balance of \$15,090,980 and a clinic grant fund balance of \$11,457,599, respectively, as of September 30, 2002. Staff was requested to include in some manner the total outstanding debt for borrowers on the Comprehensive Debt List Summary report.

Extension to Resolution No. F-289 – Alliance for Community Care (Alliance) requested the Authority to approve a six-month extension of its Final Resolution, which expired October 25, 2002, with a new expiration date of April 30, 2003. Alliance needs additional time to resolve an administrative complaint brought by the Department of Social Services, Community Care Licensing Division (CCL) that involves one of Alliance's facilities, Casa San Antonio, a crisis residential facility operating in San Jose. The nature of this complaint brought by the department could, in worse case, result in a loss of Casa San Antonio's license. As such, Alliance felt it was prudent to delay issuance of bonds until this matter was resolved. A hearing on this issue occurred in July 2002, and was continued by the administrative law judge (ALJ) for additional testimony through October 2002, at which time the hearing was expected to be closed. Thereafter, the ALJ will issue findings and a recommended order no later than December 31, 2002. Alliance remains a financially stable organization and staff is confident Alliance will be able to meet all of its debt obligations. Staff recommended the Authority approve an extension to the Final Resolution for a period of six-months, to expire on April 30, 2003, subject to all other provisions and conditions of F-289 remaining unchanged and in full effect. Staff was directed to monitor the order of the ALJ and ensure the Cal-Mortgage commitment prior to proceeding with the bond issuance. After discussion by the Authority, a motion was made and seconded and the resolution was unanimously approved.

Resolution No. HII-127 – Neighborhood House of North Richmond (“Neighborhood”) requested the Authority to approve a HELP II resolution in an amount not to exceed \$400,000. Neighborhood will use the loan proceeds to purchase a facility which will house programs currently operating out of two leased locations and will triple the total bed space. 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 Neighborhood House of North Richmond, subject to a 2nd deed of trust acceptable to the Authority, securing the necessary financing from the Low Income Housing Fund and NCB (or other lenders acceptable to the Authority), receiving an appraised value providing a total loan to value of no greater than 95%, subject to the fiscal 2002 final audit being materially consistent with the financial information presented in this report, subject to environmental remediation satisfactory to the Authority, and subject to the standard HELP II loan provisions. Mr. Monardo requested verification that the Authority be held harmless regarding any potential soil contamination clean-up on the site being purchased. After discussion by the Authority, a motion was made and seconded and the resolution was unanimously approved with the inclusion of a contingency for receipt of the Department of Commerce grant.

Resolution No. HII-129 – Clinica de Salud del Valle de Salinas (“CSVS”) requested the Authority to approve a HELP II resolution in an amount not to exceed \$400,000. CSVS will use the loan proceeds to construct a new clinic to consolidate dental and medical facilities into one building. 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 Clinica de Salud del Valle de Salinas, subject to the standard HELP II loan provisions and Cal-Mortgage’s consent to incur additional indebtedness. After discussion by the Authority, a motion was made and seconded and the resolution was unanimously approved.

Resolution No. 2002-15 – The Cedillo-Alarcón Community Clinic Investment Act of 2000 had a remaining fund balance of \$1,582,207, which was forfeited by applicants in the first and second round. The unused dollars are to be reallocated to clinics that did not receive a sufficient score to receive an allocation in the first two rounds. Of the sixteen waiting list applicants contacted, fourteen responded with current project information that met the program’s regulations. Staff reviewed these updated projects and recommended funding the fourteen clinics on the waiting list in an amount totaling \$1,004,824. Based on their score, each clinic received 40% of their original grant request. Staff recommended the Authority approve grant allocations to the following applicants on the waiting list: Alta Family Health Clinic, Inc, Clinica Sierra Vista, Community Chiropractic Health, Economic Opportunity Commission, Lestonnac Free Clinic, Mid-City Clinic, Neighborhood Healthcare (formerly Escondido Community Clinic), Neighborhood Healthcare (formerly East County Health Center), Planned Parenthood Mar Monte, Planned Parenthood of Pasadena, Planned Parenthood of Santa Barbara, Ventura and San Luis Obispo Counties, Inc., Riverside – San Bernardino County Indian Health, Inc. and Sequoia Community Health

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

Resolution No. 2002-16 – Staff requested the Authority approve a Resolution to enter into a contract with a Financial Advisor/Analyst. This Resolution would authorize the execution of a contract with a qualified Financial Advisor/Analyst to assist the staff on a variety of issues relating to proposed and existing financings. Staff prepared a Request for Proposal that was released August 16, 2002, including advertising in the California State Register, posting on the Authority website and mailing to ten firms that would have expertise and might be interested in submitting bids. Staff also held a bidder's conference to give potential bidders the opportunity to ask specific questions regarding the services or the procedures. Two bids were received in the Authority's office by the due date of October 11, 2002. One of the bidders did not meet the minimum qualification. Staff determined the other proposal to be acceptable and posted the Intent to Award. Staff recommended the Authority approve a slightly amended Resolution to provide for a one-year contract with a Financial Advisor/Analyst, with a maximum contract amount of \$200,000. After discussion by the Authority, a motion was made and seconded and the amended Resolution was unanimously approved.

Anne Stausboll recused herself from the following item; Ted Eliopoulos chaired the meeting for Northern California Retired Officers Community dba Paradise Valley Estates.

Resolution No. F-295 – Northern California Retired Officers Community dba Paradise Valley Estates (PVE) requested the Authority to approve a bond issue Resolution in an amount not to exceed \$55,000,000. PVE will use the loan proceeds to current refund the outstanding principal of variable rate tax-exempt debt issue by CSCDA in 1996 to finance the original construction of PVE. Proceeds will also be used on a variety of capital expenditures to upgrade the facility. There are no expected savings resulting from this refunding. Staff recommended the Authority approve a Resolution for Paradise Valley Estates in an amount not to exceed \$55,000,000, subject to a final Cal-Mortgage insurance commitment. Ms. Frank and Mr. Monardo requested copies of the Feasibility Study proposed for Paradise Valley Estates. 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.