

OFFICIAL MINUTES
California Health Facilities Financing Authority

915 Capitol Mall, Room 587
Sacramento, California
Thursday, May 29, 2003
1:45 PM

The Meeting was called to order by Cathy Calfo sitting for Chairman Philip Angelides. Members present were Harry Bistrin, Judith Frank, Dr. Theodore Hariton and Steve Larson (sitting for Steve Peace). Also present were staff members Terry Partington, Executive Director, Mark Paxson, Counsel to the Authority, Gina Greer, Attorney General's Office, and Susan Patella, Financial Advisor, PricewaterhouseCooper's LLP. Cindi Aronberg (sitting for Steve Westly) arrived prior to the approval of the April 24, 2003 minutes, Sumi Sousa arrived during the Executive Director's Report and Dr. John Whitelaw arrived during the presentation by Service Employees International Union ("SEIU") regarding Lucile Salter Packard Children's Hospital.

The minutes of the April 24, 2003, meeting were approved as submitted.

The Executive Director's Report was presented covering the month of April 2003. As of April 30, 2003, bonds outstanding totaled \$6,360,435,391 and the fund balance was \$7,582,913.40. The Executive Director also reported that there were 9 borrowers with over \$100 million in CHFFA debt with a combined balance outstanding of \$4,897,248,358, which represents 77% of all CHFFA debt outstanding, and 11 equipment financings with a total balance outstanding of \$52,664,947. The Executive Director also reported a HELP II loan fund balance of \$11,354,058; a HealthCAP balance of \$62,000 and a clinic grant fund balance of \$5,076,575, as of April 30, 2003.

Resolution No. F-297 – Adventist Health System/West Obligated Group ("AHS/W") requested the Authority to approve a bond issue Resolution in an amount not to exceed \$168,000,000. AHS/W intends to use the majority of funds (\$106 million) for construction projects at 6 hospital locations. In addition, AHS/W will use approximately \$33 million for equipment and \$11 million to current refund short-term bank debt. Staff recommended the Authority approve a Resolution for Adventist Health System/West Obligated Group in an amount not to exceed \$168,000,000, subject to a bond rating of at least an "A" category rating by a nationally recognized rating agency. After discussion by the Authority, a motion was made and seconded and the Resolution was unanimously approved.

Resolution No. F-298 – Lucile Salter Packard Children's Hospital ("LPCH") requested the Authority to approve a bond issue Resolution in an amount not to exceed \$120,000,000. LPCH will use the loan proceeds to finance the first phase of a major expansion and renovation project including the purchase of a new clinical information system. Staff recommended the Authority approve a Resolution for Lucile Salter Packard Children's Hospital in an amount not to exceed \$120,000,000, subject to a bond rating of at least an "A" category rating by a nationally recognized rating agency. The Chair opened the floor to Public Comments. SEIU presented the Board with a handout regarding Stanford Hospital & Clinics, arguing that Stanford Hospital & Clinics and Lucile Salter Packard Children's Hospital are one and the same entity. SEIU also stated that the patient discharge data they reviewed on Stanford Hospital raises questions regarding compliance with the Authority's Act. After discussion by the Authority, a motion was made by Ms. Frank to approve the bond financing for Lucile Salter Packard Children's Hospital, Dr. Hariton seconded the motion. A roll vote was called and the motion failed 4-4; Whitelaw, Hariton, Frank and Bistrin-Aye; Sousa, Larson, Aronberg and Calfo-Nay. Mr. Larson made a second motion to have a special meeting for Lucile Salter Packard Children's Hospital within about 2 weeks and requesting the Staff to provide more information regarding community service requirements. Ms. Sousa seconded the motion. A roll vote was called with the motion passing 5-3; Sousa, Bistrin, Larson, Aronberg and Calfo-Aye; Whitelaw, Hariton and Frank-Nay.

Having no other business, the meeting was adjourned.