

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

**915 Capitol Mall, Room 587**  
**Sacramento, California**  
**Thursday, October 30, 2003**  
**2:00 PM**

The Meeting was called to order by Cathy Calfo sitting for Chairman Philip Angelides. Members present were Cindi Aronberg (sitting for Steve Westly), Robert Miyashiro (sitting for Steve Peace), Harry Bistrin, Judith Frank, and Sumi Sousa. Also present were staff members Terry Partington, Executive Director, Tom Noguerola, Counsel to the Authority, Gina Greer, Attorney General's Office, and Bob Kittredge, Financial Advisor, PricewaterhouseCooper's LLP. Chairman Philip Angelides arrived to present a Resolution to former Board Member George Monardo during the discussion of the Cedillo-Alarcón Community Investment Act of 2000.

The minutes of the July 31, 2003 meeting were approved as submitted.

The Executive Director's Report was presented covering the months of July, August and September 2003. As of September 30, 2003, bonds outstanding totaled \$6,432,335,479 and the fund balance was \$7,884,555.70. The Executive Director also reported that there were 10 borrowers with over \$100 million in CHFFA debt with a combined balance outstanding of \$5,076,403,561, which represents 79% of all CHFFA debt outstanding, and 10 equipment financings with a total balance outstanding of \$43,825,035. The Executive Director also reported a HELP II loan fund balance of \$12,314,231; a HealthCAP balance of \$0.00 and a clinic grant fund balance of \$3,818,026, as of September 30, 2003.

**Resolution No. F-300** – Marshall Medical Center ("Marshall") requested the Authority to approve a bond issue Resolution in an amount not to exceed \$50,000,000 for a term of 30 years. Marshall will use the bond proceeds to fund construction of an acute care wing and renovation of the second floor of the existing hospital. Staff recommended the Authority approve a Resolution for Marshall in an amount not to exceed \$50,000,000, subject to a final insurance commitment from Cal-Mortgage. After discussion by the Authority, a motion was made and seconded and the Resolution was unanimously approved.

**Resolution No. F-301** – Cottage Health System ("CHS") requested the Authority to approve a bond issue Resolution in an amount not to exceed \$125,000,000 for a term of 30 years. CHS will use the bond proceeds to finance costs associated with rebuilding the Santa Barbara Cottage Hospital facility including construction, equipment purchases, reimbursement, and land acquisition. In addition, the CHFFA Series 1985 revenue bonds will be refunded. Staff recommended the Authority approve a Resolution for Cottage Health System in an amount not to exceed \$125,000,000, subject to a bond rating of at least an "A" category 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-302** – Sisters of Charity of Leavenworth Health Systems, Inc. (“SCLHS”) requested the Authority to approve a bond issue Resolution in an amount not to exceed \$50,000,000 for a term of 20 years. SCLHS will use the bond proceeds to current refund bonds issued by California Statewide Community Development Authority (CSCDA), Series 1994. The proposed bond refunding will result in an estimated present value savings of \$4.7 million, or 9.4% of the new par amount. Staff recommended the Authority approve a Resolution for Sisters of Charity of Leavenworth Health Systems, Inc. in an amount not to exceed \$50,000,000, subject to a bond rating of at least an “A” category by a nationally recognized rating agency and the standard bond issuance guidelines. After discussion by the Authority, a motion was made and seconded and the Resolution was unanimously approved.

**Resolution No. HII-79** – Adult Day Health Care of Mad River (“ADHC”) requested the Authority to approve an amendment to its existing HELP II loan to reduce the cash collateral held for security. ADHC was required to provide \$150,000 in cash collateral, consistent with the HELP II borrowers with a similar inability to meet the requirements of real property collateral of 100% of the loan amount. Staff recommended the Authority approve an amendment to the HII-79, lowering the collateral requirement to one year’s debt service payment, subject to the fiscal 2003 final audit being materially consistent with the financial information presented in the report. All other conditions of HII-79 remain in place. After discussion by the Authority, a motion was made and seconded and the resolution was unanimously approved.

**Resolution No. HII-154** – Gateways Hospital and Mental Health Center (the “Center”) requested the Authority to approve a HELP II resolution in an amount not to exceed \$150,000. The Center will use the HELP II loan proceeds to renovate four existing facilities to house mentally ill homeless adults and provide space for support services. Staff recommended the Authority approve a resolution for a HELP II Loan for Gateways Hospital and Mental Health Center in an amount not to exceed \$150,000 for a term not to exceed 10 years, subject to the standard HELP II loan provisions and submission of 2003 audited financial statements to be materially consistent with the unaudited fiscal year 2003 financial statements. After discussion by the Authority, a motion was made and seconded and the resolution was unanimously approved.

**Resolution No. HII-155** – Phoenix Program, Inc. (“Phoenix”) requested the Authority to approve a HELP II resolution in an amount not to exceed \$400,000. Phoenix will use the HELP II loan proceeds to purchase a residential property to be set up as a treatment facility and to build on the same property an additional six bedrooms. Phoenix will save approximately \$13,760 per year in loan payments in comparison to a commercial rate loan. Staff recommended the Authority approve a resolution for a HELP II Loan for Phoenix Program, Inc. in an amount not to exceed \$400,000 for a term not to exceed 15 years, subject to final approval of the HealthCAP loan, Bank of the West

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loan or other acceptable lender to the Authority, submission of 2003 audited financial statements to be materially consistent with the unaudited fiscal year 2003 financial statements 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-156** – Ojai Valley Community Hospital Foundation (“OVCHF”) requested the Authority to approve a HELP II resolution in an amount not to exceed \$400,000. OVCHF will use the HELP II loan proceeds to purchase a variety of medical and office equipment to replace outdated existing equipment. Staff recommended the Authority approve a resolution for a HELP II Loan for Ojai Valley Community Hospital Foundation in an amount not to exceed \$400,000 for a term not to exceed 5 years, subject to 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. 2003-02** – Staff requested the Authority approve grant reallocations administered through the Cedillo-Alarcón Community Clinic Investment Act of 2000, to seven applicants that could not meet the requirements for release of the funds during the August 2001 round of disbursements. The seven applicants are still moving forward with the projects and can now meet the program’s regulations. The seven clinics were previously approved for \$1,144,610 with \$593,540 forfeited. Staff reviewed the updated projects and recommends that the Authority fund the seven clinics in an amount totaling \$540,289. The clinics that are receiving an allocation at this meeting will have six months to provide sufficient documentation for fund release. After discussion by the Authority, a motion was made and the Resolution was approved by a vote of 5 -1 (Miyashiro Nay). Staff is to present to the Authority at a future meeting a discussion and recommendation on the use of the remaining grant fund of approximately \$3 million.

**Resolution No. 2003-05** – 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 October 14, 2003, including advertising in the California State Register, posting on the Authority website and mailing to 19 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. The contract will be for a two-year period with a possible one-year extension with a maximum contract amount of \$450,000. Staff recommended approval of the Resolution. After discussion by the Authority, a motion was made and seconded and the Resolution was unanimously approved.

**Information Items** – Bob Kittredge of PricewaterhouseCoopers LLP made a presentation to the Authority regarding the Financial Results of the CHFFA borrowers.

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

**Other Business** – State Treasurer and Chairman Philip Angelides presented a Resolution to former Board Member George Monardo for his more than 20 years of dedicated service to the Authority. Chairman Angelides read the Resolution and then invited Mr. Monardo to have a photograph taken along with the other board members and then asked Mr. Monardo to say a few remarks. Mr. Monardo thanked the Chairman and Authority. Mr. Monardo stated that he represented the consumer rather than the hospital administrators during his appointment; Mr. Monardo indicated that he has really enjoyed the last four years serving on the Authority with Chairman Angelides and his Deputies Jennifer DuCray-Morrill, Anne Stausboll and Cathy Calfo; he also thanked the present administration for the Board to be allowed to ask a “Hell of a lot” of tough questions and decide on some good policies. Following the presentation, Board Member Harry Bistrin requested from Chairperson Calfo if he could take a moment to make some comments about Board Member George Monardo. Mr. Bistrin reflected on his years on the board with Mr. Monardo; Mr. Bistrin stated that Mr. Monardo has always been his mentor “and that you always know where George stands whether you like it or not”. He pointed out two issues that are absolutely essential for the Authority as they review their packages; seismic control and investment portfolios. Mr. Bistrin indicated that these issues were never brought up until George kept hammering away at them saying that they were important and the Authority should look at it and George contributed mightily to the Authority; he stated that he was grateful for having George sitting next to him and grateful for him being his friend; and Mr. Bistrin concluded that California has been served very well by George Monardo.

Having no other business, the meeting was adjourned.