

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

**915 Capitol Mall, Room 587**  
**Sacramento, California**  
**Thursday, March 25, 2004**  
**1:30 PM**

The meeting was called to order by Cathy Calfo sitting for Chairman Philip Angelides. Members present were Cindi Aronberg (sitting for Steve Westly), Harry Bistrin, Judith Frank, Dr. John Whitelaw and Christopher Hammond. Also present were staff members Mark Paul, Executive Director, Greg Rogers Deputy Executive Director, Tom Noguerola, Counsel to the Authority, Gina Greer, Attorney General's Office, and Bob Kittredge, Financial Advisor, PricewaterhouseCoopers LLP. Cathy Calfo welcomed the newest staff members Mark Paul, Executive Director and Michele Bond, Operations Manager.

The minutes of the February 26, 2004 meeting were approved as submitted.

The Executive Director's Report was presented covering the month of February 2004. As of February 29, 2004, bonds outstanding totaled \$6,543,671,492 and the fund balance was \$7,310,752.80. The Executive Director also reported that there were 10 borrowers with over \$100 million in CHFFA debt with a combined balance outstanding of \$5,073,192,850, which represents 78% of all CHFFA debt outstanding, and 9 equipment financings with a total balance outstanding of \$36,127,715. The Executive Director also reported a HELP II loan fund balance of \$9,929,362 a HealthCAP balance of \$0.00 and a clinic grant fund balance of \$3,443,403, as of February 29, 2004.

**Resolution No. F303** – Catholic Healthcare West, (Obligated Group) ("CHW") requested the Authority to approve a bond issue Resolution in an amount not to exceed \$1,350,000,000. CHW proposes to refinance outstanding existing CA bonds in the amount of approximately \$1.039 billion, of which \$978 million is Authority debt. This refinancing will take advantage of historically low interest rates, provide aggregate pro forma level debt service payments, and provide an estimated net present value savings of \$45 million. In addition, CHW wishes to issue \$150 million in new money for various capital projects and equipment purchases. Following this transaction, CHW will have a total of \$1.7 billion of Authority debt outstanding, an increase of approximately \$370 million. CHW will have approximately \$640 million of Authority bonds not enhanced by credit compared to \$294 million currently. Staff recommended the Authority approve the Resolution in a total amount not to exceed \$1,350,000,000 for Catholic Healthcare West, subject to a bond rating of at least an "BBB" rating by a nationally recognized rating agency. Staff also recommended that the Authority reduce CHW's initial fee to only the new money portion of the bonds. Staff proposed to return to the Authority for an amendment to the fee schedule at the next Authority meeting to cap the initial fee for future financings at \$300,000 or an issue size of \$400,000,000, and not charge the borrower a fee to refund Authority debt. After discussion by the Authority, a motion was made and seconded and the Resolution was unanimously approved.

**Resolution No. HII-166** – Sanctuary House of Santa Barbara, Inc. ("SHSB") requested the Authority to approve a HELP II resolution in an amount not to exceed \$400,000. SHSB will use the loan proceeds to lower interest costs by refinancing the Authority's 1992 STARTS Bonds, which have a 6.75% interest rate. This refinancing will result in a savings of approximately \$13,000 per year in debt service payments or a total of \$195,000 over the life of the loan. Staff recommended the Authority approve a resolution for a HELP II loan in an amount not to exceed \$400,000 for a term not to exceed 15 years for Sanctuary House of Santa Barbara, Inc., subject to receipt of

HealthCAP funds or another acceptable funding source 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. 2004-03** - California Health Facilities Financing Authority was authorized to administer the Cedillo-Alarcón Community Clinic Investment Act of 2000 (Act). The Act provided \$50 million in available grant funds to community clinics organizations for purposes of capital projects. In total, \$51,152,395 has been allocated to 301 community clinics organizations throughout the state with at least partial funding for every eligible applicant under the program. Although more than \$50 million in grants have been disbursed, there is an approximate fund balance of \$3 million remaining because of interest earnings from the initial appropriation. Staff recommended the Authority allocate the interest earnings from the Cedillo-Alarcón Community Clinic Investment Act of 2000 grant program to the HELP II program and broaden the HELP II guidelines by expanding the maximum loan limit from \$400,000 to \$500,000, expanding the term length from 10 years to 15 years for all real estate secured transactions, expanding refinancing opportunities, expanding eligibility requirements to include District Hospitals and considering high risk borrowers. After discussion by the Authority, a motion was made and seconded and the resolution was unanimously approved to allocate the interest earnings from the Cedillo-Alarcón Community Clinic Investment Act of 2000 grant program to the HELP II program and expand the HELP II guidelines with all proposals presented except for the loan limit. The HELP II loan limit will remain \$400,000.

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