## OFFICIAL MINUTES California Health Facilities Financing Authority

915 Capitol Mall, Room 587 Sacramento, California Thursday, May 27, 2004 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), Bob Campbell (sitting for Donna Arduin), Judith Frank and Dr. Theodore Hariton. 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.

The minutes of the March 25, 2004 meeting were approved as submitted.

The Executive Director's Report was presented covering the months of March and April 2004. As of April 30, 2004, bonds outstanding totaled \$5,879,294,279 and the fund balance was \$8,307,950.32. The Executive Director also reported that there were 9 borrowers with over \$100 million in CHFFA debt with a combined balance outstanding of \$4,330,970,000, which represents 74% of all CHFFA debt outstanding, and 9 equipment financings with a total balance outstanding of \$33,905,502. The Executive Director also reported a HELP II loan fund balance of \$12,813,139, a HealthCAP balance of \$0.00 and a clinic grant fund balance of \$3,446,089, as of April 30, 2004.

Resolution No. E-23 – Loma Linda University Medical Center (LLUMC) requested the Authority to approve an equipment financing resolution in an amount not to exceed \$13,488,000. LLUMC will use the loan proceeds to purchase various equipment items which will enhance LLUMC's efficiency, improve patient safety and increase access to healthcare. Staff recommended the Authority approve an equipment financing for Loma Linda University Medical Center in an amount not to exceed \$13,488,000, for a term of 7 years. After discussion by the Authority, a motion was made and seconded and the resolution was unanimously approved.

Resolution No. HII-167 — Dientes! Community Dental Clinic (Dientes) requested the Authority to approve a HELP II resolution in an amount not to exceed \$400,000. Dientes will use the loan proceeds to refinance an existing loan, which has a balloon payment due in January 2005. This refinancing will result in an approximate savings of \$110,000 over the life of the new loan by reducing the interest rate from the current rate of 6% to 3% offered by the HELP II loan program. 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 Dientes! Community Dental Clinic, 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. HII-168 – Aldersly requested the Authority to approve a HELP II resolution in an amount not to exceed \$400,000. Aldersly will use the loan proceeds to refinance part of the STARTS 1992 Series A bond loan. This refinancing will correct an existing fund shortage and save approximately \$140,000 in interest expense over the life of the loan due to the low interest rate on the HELP II loan. Staff recommended the Authority approve a resolution for a HELP II Loan to Aldersly, in an amount not to exceed \$400,000 for a term of 15 years, subject to final approval of Cal-Mortgage, NCB or other acceptable lender to the Authority and the standard HELP II loan provisions. After discussion by the Authority, a motion was made and seconded and the resolution was unanimously approved.

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**Resolution No. 2004-04 -** The California Health Facilities Financing Authority (Authority) Act (Section 15438 (m)) authorizes the Authority to charge and equitably apportion among participating health institutions, the administrative costs and expenses incurred by the Authority to exercise its powers and duties. This self-funding structure allows the Authority to provide assistance in obtaining tax-exempt financing for eligible public health facilities and public benefit non-profit corporations without cost to the taxpayer through the State's General Fund. Authority's staff recently reviewed the current fee structure for bond financings because of a sizeable transaction that was presented at the March 2004 Authority meeting. At that time, a policy exception was approved to waive the initial bond issuance fee that refunds existing Authority debt, and only charge a fee on the new money portion of the bonds. Based on the current fee structure, the March 2004 financing would have generated an exorbitant fee of over \$1 million for the Authority's fund. Staff recommended the Authority approve revisions to the fee schedule to cap the initial fee at a maximum of \$300,000 per bond issue, and impose a fee only on the new money portion of transactions that include refinancing existing Authority debt. After discussion by the Authority, an amendment to the staff's recommendation was made, to research other Bond Issuers' charges including refinancings, to determine an appropriate fee to charge on the refinancing component. Staff will report back to the Authority with the results. A motion was made and seconded and the resolution was unanimously approved as amended.

**Information Items** – Staff presented the quarterly report of the HELP II Loan Program.

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