

OFFICIAL MINUTES
California Health Facilities Financing Authority

915 Capitol Mall, Room 587
Sacramento, California
Thursday, April 28, 2005
1:45 PM

The meeting was called to order by Mark Paul sitting for Chairman Philip Angelides. Members present were Anne Sheehan (sitting for Tom Campbell), and Harry Bistrin. Members on teleconference located at 304 S. Broadway Los Angeles, California were Cindy Aronberg (sitting for Steve Westly), Dr. Theodore Hariton and Judith Frank. Also present were staff members Sandra Simpson-Fontaine, Executive Director, Greg Rogers, Deputy Executive Director, Mark Paxson, Counsel to the Authority, Molly Arnold, Attorney General's Office, and Peggy Arrivas, Financial Advisor, PricewaterhouseCoopers LLP.

The minutes of the March 30, 2005 meeting were approved as submitted.

The Executive Director's Report was presented covering the month of March 2005. As of March 31, 2005, bonds outstanding totaled \$5,965,416,154 and the fund balance was \$7,254,009.10. There were 10 borrowers with over \$100 million in CHFFA debt with a combined balance outstanding of \$4,464,830,000, which represents 75% of all CHFFA debt outstanding, and 8 equipment financings with a total balance outstanding of \$34,594,044. The Executive Director also reported a HELP II fund balance of \$12,539,059; a HealthCAP balance of \$0.00 and the Cedillo-Alarcón Clinic Grant Fund balance of \$3,325,143 and the Anthem-Wellpoint Grant Fund balance of \$35,000,000, as of March 31, 2005.

Resolution No. F-309 – Scripps Health (Scripps) requested the Authority approve a resolution in an amount not to exceed \$290,000,000. Scripps will use the loan proceeds to refund Authority debt, construct various facilities including an imaging pavilion and parking structures, and to purchase equipment. Staff recommended that the Authority approve a resolution in an amount not to exceed \$290,000,000 for Scripps Health, subject to a bond rating of at least an "A" rating by a nationally recognized rating agency. Cindy Aronberg requested the Chair open the floor for Public Comments. California Nurses Association (CNA) presented the Board with handouts regarding Scripps Health. CNA requested that the Authority delay the approval of the Resolution stating Scripps is not in compliance with the Authority's Community Service Obligations Requirements. After discussion by the Authority, a motion was made by Cindy Aronberg to hold over the approval of the bond financing for Scripps Health until the next meeting, Mark Paul seconded the motion. A roll vote was called and the motion failed 4-2; (Nay - Hariton, Frank, Bistrin and Sheehan; Aye - Aronberg and Paul). Anne Sheehan made a motion to proceed with the financing and Judith Frank seconded the motion. A roll vote was called with the motion passed 4-2; (Aye - Hariton, Frank, Bistrin and Sheehan; Nay - Aronberg and Paul).

Other Business – Staff reported to the Authority, since the last Board meeting staff has distributed the proposed draft regulations for the Anthem-Wellpoint Grant Program to a selected group of interested parties for their input and reaction to the proposal. All parties agreed that their preference was to have the Wellpoint money distributed as closely to the criteria setup for the

Cedillo-Alarcón Community Clinic Investment Act of 2000 grant program, as possible. The money is to be made available to community clinics for both capital projects and equipment purchases.

In addition, the Authority's legal counsel advised the Authority Staff that the statute which allows CHFFA to establish a grant program, would not as a matter of law, limit the participants to community health clinics. In an attempt to meet the expectations and desires of the public and in an effort to correct the unintended impact, Staff proposes to simultaneously seek the following remedies: 1) Draft Cedillo-Alarcón like regulations that include specific findings as to why the grant program is limited to community clinics; and 2) Through legislation seek to have the Government Code Section 15438.6 (j) of the Cedillo-Alarcón Community Clinic Investment Act of 2000 repealed, thereby allowing CHFFA to again issue grants pursuant to the statute.

Staff updated the Authority on policy issues regarding the Children's Hospital Bond Act of 2004 (Proposition 61). At the CHFFA March 30, 2005 meeting, the Board authorized staff to request approval of the Children's Hospital Bond Act Finance Committee to issue general obligation bonds and to apply for Pooled Money Investment Board (PMIB) interim financing loans. On April 20, 2005, staff received approval by the Children's Hospital Bond Act Finance Committee permitting the State Treasurer's Office to issue bonds and to apply for interim funding.

In April 2005 staff applied for PMIB funding, but later withdrew the request, because CHFFA had not received any applications. Although staff has been advised that several hospitals have immediate funding needs, as of April 20, 2005, no applications for the Children's Hospital Program (Program) were received. Since the earliest date funds can be released after receipt of an application is 60-days, funds received through the Pooled Money Investment Account (PMIA) will not be needed until July, at the earliest.

In early April, CHFFA staff was advised by the State Treasurer's Office Accounting Department (Accounting) that interim funding could possibly be obtained directly from the General Fund, in lieu of the PMIA, which may further reduce potential funding interest costs. Staff is currently consulting with the State Treasurer's Office Accounting and the Public Finance Division to assess whether this option is viable.

Staff will continue to pursue the least expensive interim financing available and ensure the funds are secured in a timely manner to meet the needs of hospitals seeking funding through the Program.

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

Having no other business, the meeting was adjourned.