

OFFICIAL MINUTES
California Health Facilities Financing Authority

915 Capitol Mall, Room 587
Sacramento, California
Thursday, June 30, 2005
1:45 PM

The meeting was called to order by Mark Paul sitting for Chairman Philip Angelides. Members present were Molly Arnold (sitting for Tom Campbell), Windie Scott (sitting for Steve Westly), Harry Bistrin, Judith Frank, and Dr. Oscar Sablan. Also present were staff members Sandra Simpson-Fontaine, Executive Director, Greg Rogers, Deputy Executive Director, Mark Paxson, Counsel to the Authority, Connie Le Louis, Attorney General's Office, and Susan Patella, Financial Advisor, PricewaterhouseCoopers LLP. Sumi Sousa arrived during the Cedars-Sinai Medical Center discussion.

The minutes of the May 26, 2005 meeting were approved as submitted.

The Executive Director's Report was presented covering the month of May 2005. As of May 31, 2005, bonds outstanding totaled \$5,942,744,862 and the fund balance was \$8,099,728.92. There were 10 borrowers with over \$100 million in CHFFA debt with a combined balance outstanding of \$4,459,915,000, which represents 75% of all CHFFA debt outstanding, and 8 equipment financings with a total balance outstanding of \$32,708,650. The Executive Director also reported a HELP II fund balance of \$13,713,899; a HealthCAP balance of \$0.00, a Cedillo-Alarcón Clinic Grant Fund balance of \$3,344,582, and an Anthem-Wellpoint Grant Fund balance of \$35,097,833, as of May 31, 2005.

Resolution No. F-310 – AIDS Healthcare Foundation (AHF) requested an amendment to the resolution that was approved at the May 26, 2005 meeting. The amendment would allow AHF to convert its 25-bed residential facility Linn House into an administrative annex to provide HIV healthcare to Medi-Cal beneficiaries under the Positive Healthcare Plan in California. Although the staff report presented to the Authority's May 26, 2005 board meeting did provide information on conversion of the Linn House from a 25-bed residential facility to an administrative annex, the 1994 STARTS Bonds loan agreement requires formal approval from the Authority. Staff recommended the Authority approve an Amendment to Resolution Number F-310, subject to all other provisions and conditions remaining unchanged and in full effect. After discussion by the Authority, a motion was made and seconded and the amended resolution was unanimously approved.

Resolution No. F-311 – Cedars-Sinai Medical Center ("CSMC" or the "Medical Center") requested the Authority approve a resolution in an amount not to exceed \$556,000,000. CSMC will use the loan proceeds to refund all or portions of the CHFFA Series 1999A bonds and the California Statewide Community Development Authority's (CSCDA) 1993 Certificates of Participation. This refunding is expected to generate a net present value savings of approximately \$34 million or 4.74%. Staff recommended the Authority approve a resolution in an amount not to exceed \$556,000,000 for Cedars-Sinai Medical Center, subject to a minimum "A" rating and a policy exception permitting the minimum debt services coverage ratio at 1.10x in accordance with the Master Trust Indenture. The California Nurses Association (CNA) presented the Board with handouts and requested that the Authority delay the approval of the resolution. CNA stated that the Medical Center has a policy not to enter into Medi-Cal Managed Care contracts and therefore is not in compliance with the Authority's Community Service Obligation Requirements. In addition, CNA questioned whether the Medical Center satisfied the savings pass through requirements of the

Authority's Act. After discussion by the Authority, a motion was made to approve staff's recommendation and seconded. There was a roll call vote and the resolution failed. (3 Ayes, 2 Nays and 2 Abstentions. Bistrin, Frank and Sablan Ayes; Paul and Arnold Nays and Sousa and Scott abstained.) The Authority members agreed that staff and legal counsel should be provided adequate time to address the CNA's allegations, with direction to schedule a special meeting within two weeks to reconsider the application. Members agreed to meet again on July 13, 2005.

Resolution Number 2005-09 – Children's Hospital Los Angeles (CHLA) requested approval of the allocation of funds from the Children's Hospital Program in an amount not to exceed \$74,000,000. Staff recommended the Authority approve a resolution to provide a grant in an amount not to exceed \$74,000,000 (less costs of issuance), subject to all requirements of the Children's Hospital Bond Act of 2004. After discussion by the Authority, a motion was made and seconded and the resolution was unanimously approved.

Cedillo-Alarcón Community Care Investment Act of 2000 Report – Staff presented to the board for approval the report to the Joint Legislature Budget Committee required under the Cedillo-Alarcón Community Care Investment Act of 2000 (Gov.t. Code Section 15438.6), on the recipients of grants, the total amount of each grant and the purpose for which each grant was awarded. After discussion by the Authority, a motion was made and seconded and the report was unanimously approved.

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