

OFFICIAL MINUTES

California Health Facilities Financing Authority
915 Capitol Mall, Room 587
Sacramento, California

Alternate Locations for Teleconference Participation

Sablan Medical Clinic
927 "O" Street
Firebaugh, CA 93622

Thursday, August 24, 2006
9:30 AM

The meeting was called to order by Dennis Trujillo sitting for Chairman Philip Angelides. Members present were Molly Arnold (sitting for Michael C. Genest), Windie Scott (sitting for Steve Westly), Harry Bistrin and Judith Frank. Dr. Oscar Sablan participated via teleconference at the Sablan Medical Clinic located at 927 "O" Street in Firebaugh, CA. Also present were staff members Sandra Simpson-Fontaine, Executive Director, Ronald Washington, Deputy Executive Director, Julia Bilaver, Counsel to the Authority, and Peggy Arrivas, Financial Advisor, PricewaterhouseCoopers LLP.

The minutes of the May 25, 2006 meeting were approved as submitted.

The Executive Director's Report was presented covering the months of May and June 2006. As of June 30, 2006, bonds outstanding totaled \$7,538,449,249 and the fund balance was \$8,836,388.22. There were 11 borrowers with over \$100 million in CHFFA debt with a combined balance outstanding of \$6,101,877,527, which represents 81% of all CHFFA debt outstanding, and 8 equipment financings with a total balance outstanding of \$20,057,599. The Executive Director also reported a HELP II Fund balance of \$20,625,018, a HealthCAP balance of \$0.00, a Cedillo-Alarcón Clinic Grant Fund balance of \$3,525,222, an Anthem-Wellpoint Grant Fund balance of \$36,721,753 and the Children's Hospital Bond Act of 2004 Fund balance of \$597,385,324, as of June 30, 2006.

Resolution No. F-320 – Verdugo Mental Health (VMH) requested the Authority approve a resolution in an amount not to exceed \$6,200,000. VMH will use the bond proceeds to construct a replacement facility at the current site to meet the increased demand for patient services. Staff recommended the Authority approve Resolution No. F-320 in an amount not to exceed \$6,200,000, for Verdugo Mental Health subject to a final Cal-Mortgage Insurance commitment and a wrap by FGIC. After discussion by the Authority, a motion was made and seconded and the resolution was unanimously approved.

Resolution No. 2006-09 – At the June 12, 2003, meeting the Authority unanimously approved Resolution number F-298 for Lucile Salter Packard Children's Hospital ("LSPCH") in an amount not to exceed \$120,000,000, subject to a bond rating of at least an "A" category rating by a nationally recognized rating agency. The loan proceeds were to finance the first phase of a major expansion and renovation project including the purchase of a new clinical information system. Lucile Salter Packard Children's Hospital at Stanford ("LSPCH") has not expended all the funds received from the proceeds of the California Health Facilities Financing Authority Revenue Bonds (Lucile Salter Packard Children's Hospital at Stanford) Series 2003 A and Series 2003 B. In order to expend the remaining proceeds on deposit in the Project Fund established in connection with the Bonds, LSPCH is requesting to apply a portion of the proceeds to acquire a

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leasehold interest in certain additional property which has become available in the vicinity of its pediatric hospital facility located on the campus of Stanford University. LSPCH intends to use such property to address current and future capacity requirements. Resolution No. 2006-09 authorizes LSPCH to make a modification of the proposed use of funds and execute and deliver the first supplemental bond indenture allowing for the addition of a special auction period. Staff recommended the Authority approve Resolution No. 2006-09 authorizing Lucile Salter Packard Children's Hospital at Stanford to make the modification of the proposed use of funds and execute and deliver the first supplemental bond indenture allowing for the addition of a special auction period, subject to all prior provisions and conditions to remain unchanged and in full effect. After discussion by the Authority, a motion was made and seconded and the resolution was unanimously approved.

Resolution No. HII-186 – The Tulare Youth Service Bureau Inc. (“Tulare”) requested the Authority approve a HELP II resolution in an amount not to exceed \$500,000. The loan proceeds will be used to remodel 5,000 square feet of office space from seven (7) offices and three (3) meeting rooms into sixteen (16) offices and one (1) large multi-purpose room. In addition, part of the proceeds will be used to refinance Tulare’s existing HELP II loan, extending the loan term by seven (7) years, thus improving its cash flow. Staff recommended the Authority approve a resolution for a HELP II loan in an amount not to exceed \$500,000 for a term not to exceed 15 years for the Tulare Youth Service Bureau Inc., subject to the standard HELP II loan provisions and NCB loan funding (or other acceptable lender) in the amount of approximately \$585,000. The Staff Counsel requested the word “standard” be stricken from the original recommendation, since a policy exception (from the HELP II guidelines) was requested. After discussion by the Authority, a motion was made on the amended recommendation and seconded and the resolution was unanimously approved.

Resolution No. HII-187 – National Health Services, Inc. (“NHS”) requested the Authority approve a HELP II resolution in an amount not to exceed \$300,000. The loan proceeds will be used to refinance an existing line of credit, and the loan will be secured by a newly renovated Tehachapi Community Health Center property. NHS will save approximately \$128,000 in interest payments over the life of the loan. Staff recommended the Authority approve a resolution for a HELP II Loan for National Health Service Inc. in an amount not to exceed \$300,000 for a term of 15 years subject to the standard HELP II loan provisions. Per the chairman the word “standard” was stricken from the original recommendation, since a policy exception from the HELP II guidelines was requested. Members of the board requested that the staff present the HELP II guidelines at a future meeting in 60 to 90 days. After discussion by the Authority, a motion was made on the amended recommendation and seconded and the resolution was unanimously approved.

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

Having no other business, the meeting was adjourned.