

CALIFORNIA HEALTH FACILITIES FINANCING AUTHORITY

Resolution No. 2008-04

Resolution Approving Initial Fee Cap of \$100,000 for the Catholic Healthcare West, Hoag Memorial Hospital, Scripps Health, Stanford Hospital, Sutter Health and Lucile Salter Packard Refundings as Approved by the Authority Board on March 11, 2008

April 24, 2008

OVERVIEW: During the first quarter of 2008, national financial markets began to experience unexpected and pervasive tumult associated with insurer downgrades, auction rate failures and variable rate extremes. As a result, many health facilities in California experienced increased untenable debt service obligations and many approached the Authority seeking, on an emergent basis, immediate access to the market to refund their debt into more stable rates. The Authority responded by forthwith scheduling an additional meeting for the month of March (March 11th) and then duly considered six applications for refunding from the following health facilities: Catholic Healthcare West, Hoag Memorial Hospital, Scripps Health, Stanford Hospital, Sutter Health and Lucile Salter Packard. At the time of this March 11 meeting, the Chair recognized the financial hardship each health facility was then experiencing because of the extreme market conditions. The Chair also conveyed the Authority's desire to help ease these health facilities through their unexpected hardships by reducing yet another cost associated with their ongoing loss and thereon recommended reducing each of the health facility's initial fees by 50%. Immediately thereafter, each health facility was then granted authorization to refund their debt. At the next board meeting on March 27, 2008, the Executive Director advised the board concerning the impact of the recommended 50% initial fee reduction for these health facilities and additionally recommended the board further impose a one-time cap of \$100,000 on this initial fee. The Chair then instructed Authority staff to place this issue on the following month's agenda (April 24, 2008) for board approval.

RECOMMENDATION: Staff recommends the Authority approve **Resolution No. 2008-04** of the California Health Facilities Financing Authority to reduce the initial fees for the Catholic Healthcare West, Hoag Memorial Hospital, Scripps Health, Stanford Hospital, Sutter Health and Lucile Salter Packard refundings as approved at the March 11, 2008 authority meeting by 50% and to further cap those Initial Fees at \$100,000 for the duration of the Resolution Nos. 326, 327, 328, 329, 330, and 331.