

**CALIFORNIA HEALTH FACILITIES FINANCING AUTHORITY (“CHFFA”)
STAFF SUMMARY AND RECOMMENDATION**

Bloss Memorial Healthcare District (“BMHCD”)

Amended Resolution Number HII-221

March 25, 2010

PURPOSE OF THE REQUEST:

Staff requests the board to amend the security interest on a HELP II loan for Bloss Memorial Healthcare District (BMHCD), previously approved by the board at its May 29, 2008 Authority meeting. If approved, this amendment will allow BMHCD to sell the Iridex Combo Argon/YAG Laser (the Ophthalmology “Laser Equipment”) purchased with HELP II funds. BMHCD intends to use the proceeds from this sale to purchase other eye care equipment for BMHCD’s Eye Care Center. This amendment will necessitate releasing the UCC-1 lien on the piece of equipment to be sold while simultaneously placing a new UCC-1 lien on the equipment to be purchased. In addition, this amendment will not change the current term or outstanding loan balance. (The current outstanding balance on BMHCD’s HELP II loan is approximately \$300,000.)

BACKGROUND:

At its May 29, 2008 meeting, the board approved Resolution No. HII-221 for a HELP II loan in the amount of \$427,500. Loan proceeds were approved to purchase several pieces of ophthalmology equipment (in the amount of \$140,000) and to upgrade its telecommunications and technology infrastructure (in the amount of \$305,000). BMHCD agreed to use its own funds to cover the difference between the HELP II loan and the total cost of the project, plus financing costs (a difference of \$22,500).

As explained by BMHCD’s management, the addition of the Laser Equipment was intended to expand its Ophthalmology services in the Eye Care Center; however, BMHCD soon encountered difficulties in billing the ophthalmologists’ services and subsequently discontinued the laser procedures. Fortunately, BMHCD has secured an offer from the University of California at Berkeley, to purchase the idle laser equipment for \$46,000. This will allow BMHCD to reinvest the proceeds of the sale in other eye care equipment totaling approximately \$48,000 (Refer to Exhibit A). Although the price of the Laser equipment was quoted in the original HELP II Loan application at \$45,000, the actual price paid by BMHCD was approximately \$53,000; thus, the pending UC Berkeley offer of \$46,000 exceeds the original loan quote by \$1,000.

If approved by the board, BMHCD will sell the idle laser equipment and use the proceeds of that sale to purchase more practical eye care equipment for their Eye Care Center.

RECOMMENDATION:

Staff recommends the Authority approve Amended Resolution Number HII-221, which will amend the security interest on Bloss Memorial Healthcare District’s HELP II loan.

Exhibit A

PRODUCT DESCRIPTION		PRICE
Reliance 980 chair		\$5,129.00
Reliance 7800ICWC wheelchair stand		\$3,843.00
Haag-Streit BQ 900 slit lamp with IM 900 digital integrated camera/beam splitter for digital photos and video. Includes EyeCap software, applanation tonometer		\$27,545.00
USED Reichert lighted phoroptor (- cyl)		\$3,395.00
Sonomed Master Vu Mv5600 B-Scan		\$4,600.00
Provideo Classic Projector System		\$3,195.00
TOTAL		\$47,707.00