

MINUTES

California Health Facilities Financing Authority

("CHFFA" or the "Authority")
915 Capitol Mall, Room 587
Sacramento, California 95814
September 22, 2016 – 1:30 P.M.

Alternate Location for CHFFA Teleconference Participation
Asset Strategies
500 S. Figueroa Street
Los Angeles, California 90071-1705

Public Participation

Call-In Number: (877) 810-9415 and Participant Code: 6535126

Deputy Treasurer, Vincent P. Brown, serving as Chairperson, called the meeting to order at 1:33 P.M.

ROLL CALL

Members Present: Vincent P. Brown for John Chiang, State Treasurer
Alan LoFaso for Betty T. Yee, State Controller
Eraina Ortega for Michael Cohen, Director of Finance
Judith Frank via teleconference
Jack Buckhorn
Oscar Sablan, M.D.
Sumi Sousa

Member Absent: Jay Hansen

Chairperson Brown declared a quorum present.

Chairperson Brown announced in an effort to promote transparency, a live, interactive, call-in number was available to the public to provide access to Authority meetings. Open meetings would be available live to all who wish to call-in to listen and participate.

Approval of August 4, 2016 Meeting Minutes

Chairperson Brown asked if there were any questions or public comment; there were none.

Authority Action

Motion to approve the minutes from the August 4, 2016 meeting.

MOTION: Member Buckhorn SECOND: Member Sablan

AYES:Members: Sousa, Sablan, Buckhorn, Frank, Ortega, LoFaso, Brown

NOES:NONE

ABSTAIN:NONE

RECUSE:NONE

MOTION ADOPTED.

Executive Director's Report

Diane Stanton, Executive Director, reported CHFFA recently moved to a new location on the fourth floor. Ms. Stanton thanked CHFFA and CEFA staff, the Business Services Division and the Administration team for their assistance.

CHFFA Fund Balances & Comprehensive Debt List Summaries

Ms. Stanton submitted fund balances for the record as of June 30, 2016 and July 31, 2016.

- **Mental Health Fund Balance.** The balance continues to be adjusted. In April, there was an internal accounting error. The balance reflected \$51 million instead of \$6 million as shown on the July report. \$6 million was a more accurate figure based on the awards made and the disbursements yet to be made to the counties. In addition, \$6 million would be diverted to the Children's Crisis Grant Program and a new fund balance would begin once the new program was in place.
- **Comprehensive Debt Limit Summaries List of CHFFA's 16 top borrowers.** CHFFA staff has been extremely busy and the workflow has not been reflected in the comprehensive summary yet. At the next meeting, the Authority would see the outstanding fund balances on the report reflecting the work of CHFFA staff. Also, City of Hope moved up from no. 13 to no. 12 on the comprehensive debt list summary.

Tax-Exempt Bonds Delegation of Powers Monthly Update

No action was taken pursuant to the Tax-Exempt Bond Delegation of Powers Resolution.

HELP II Loan Program Delegation of Powers Monthly Update

No action was taken pursuant to the HELP II Loan Program Delegation of Powers Resolution.

HELP II Loan Program Update

- A new brochure was distributed to Authority members and would be distributed to potential borrowers in the future.
- CHFFA staff continues to work with the State Treasurer's Office Centralized Treasury and Cash Management Division and an outside bank, to allow borrowers to make HELP II loan payments using an automated payment system.
- Staff continues to update the application, the closing process and a procedural manual.
- Legislative update. AB 1618 established the "No Place Like Home Grant Program", which would be administered by the Department of Housing and Community Development ("HCD"). The bill would require HCD to award \$2,000,000,000 through a competitive grant program among counties to finance capital costs, including, but not limited to, acquisition, design, construction, rehabilitation, or preservation, and to capitalize operating reserves, of permanent supportive housing for homeless with mental health issues. CHFFA would serve as the issuer of revenue bonds that would fund the grants.

Ms. Stanton also indicated tax revenues generated by Proposition 63 would be used for this program.

STO General Counsel, Ms. Stanton and the Authority members discussed the funding and structure of the program.

Item #4 **Memorial Health Services (“MHS”), Fountain Valley, California**
Resolution No. 418

Amy Voong, staff analyst, presented. MHS requested Authority approval to issue \$115 million in CHFFA Variable and Fixed Rate Bonds Series 2016 for the refunding of the outstanding City of Long Beach Variable Rate Revenue Bonds Series 1991 and CHFFA Variable Rate Revenue Bonds Series 2013B. Since the Series 1991 Bonds mature on October 1, 2016 and the Series 2013B Bonds were currently held by a single investor, MHS sought to refund and restructure these bonds to extend the maturity date, decrease risk exposure, and maintain financial liquidity.

Attendees: Rick Graniere, MHS Executive Vice President, Treasurer and Chief Investment Officer, Peter Mackler, MHS Executive Director of Government Relations, and Jerry McGovern, Bond Counsel, Norton Rose Fulbright US, LLP.

Chairperson Brown asked if there were any questions or public comment. Dr. Sablan inquired if MHS’ savings pass through to the community was part of MHS’ due diligence.

Mr. Mackler replied that the common need in the communities were transportation, disease management, child birth care and access to care. MHS’ efforts were tailored to the individual counties of Long Beach and Orange.

Chairperson Brown inquired about the interest rate on MHS’ proposal. Mr. Graniere replied MHS’ plan was to lock in the rate. The deal would consist of \$65 million, variable rate with US Bank and \$50 million, fixed rate with TD Bank.

Authority Action

Motion to approve Resolution No. 418 in the amount not to exceed \$115,000,000 for Memorial Health Services.

MOTION: Member LoFaso SECOND: Member Buckhorn

AYES:Members: Sousa, Sablan, Buckhorn, Frank, Ortega, LoFaso, Brown

NOES:NONE

ABSTAIN:NONE

RECUSE:NONE

MOTION ADOPTED.

Item #5 **Home Ownership for Personal Empowerment, Inc. (“HOPE”),**
Torrance, California, Resolution No. HII-304

Brock Lewis, staff analyst, presented. HOPE requested Authority approval for a HELP II loan in the amount of \$1.5 million to purchase three state-licensed residential homes providing continuous in-home care and support services for 12 individuals with developmental disabilities. Social Vocational Services (“SVS”) currently owns the homes and would lease the properties back from HOPE to continue providing services for the residents, while HOPE would own and maintain the properties. SVS is licensed by the California Department of Social Services Community Care Licensing Division to provide services at each property. The three properties total 6,308 square feet and would range from three to four bedrooms with each resident having their own room.

Attendee: Charles DeCuir, Manager of Operations and Finance, HOPE.

Chairperson Brown asked if there were any questions or public comment.

Ms. Frank inquired if the homes were pre-existing homes. Mr. DeCuir answered in the affirmative.

Authority Action

Motion to approve Resolution No. HII-304 in the amount not to exceed \$1,500,000 for Home Ownership for Personal Empowerment, Inc.

MOTION: Member Buckhorn SECOND: Member LoFaso

AYES:Members: Sousa, Sablan, Buckhorn, Frank, Ortega, LoFaso, Brown

NOES:NONE

ABSTAIN:NONE

RECUSE:NONE

MOTION ADOPTED.

Item #6 Interim, Inc. (“Interim”), Monterey, California, Resolution No. HII-305

Matthew Saha, staff analyst, presented. Interim requested Authority approval for a HELP II loan in an amount not to exceed \$1,000,000 to demolish and construct multiple buildings on one site at 601, 603, and 613 Bayonet Circle, Marina, California.

Interim, Inc. planned to expand the Bridge House program from 13 beds for residential clients to 14 beds upon completion of the 6,514-square-foot two-story facility and provide services for up to 25 day program participants at the new location. The program provides residential treatment for clients with mental illness and substance abuse disorders.

Attendees: Alan Bilinsky, Housing Development, Property Director and Alejandro Amezcua, Accounting Manager of Interim.

Chairperson Brown asked if there were any questions or public comment.

Mr. Buckhorn asked if Interim plans to pay prevailing wages. Mr. Bilinsky answered in the affirmative.

Chairperson Brown inquired about the Medi-Cal Capacity Grant Program. Ms. Sousa replied that \$2,000,000 has been granted from the Medi-Cal reserves.

Authority Action

Motion to approve Resolution No. HII-305 in the amount not to exceed \$1,000,000 for Interim, Inc.

MOTION: Member LoFaso SECOND: Member Buckhorn

AYES:Members: Sousa, Sablan, Buckhorn, Frank, Ortega, LoFaso, Brown

NOES:NONE

ABSTAIN:NONE

RECUSE:NONE

MOTION ADOPTED.

Item #7**Investment in Mental Health Wellness Grant Program,
Los Angeles County Quarterly Report**

Mr. Saha reported the Authority required Los Angeles County (the “County”) to provide quarterly reports detailing milestones achieved, progress, and obstacles or challenges related to the completion of the Project. On August 15, 2016, the County provided an update on the progress of the Crisis Residential Treatment programs, Crisis Stabilization units and Mobile Crisis Support Teams.

Mary Marx, District Chief of Los Angeles County stated that during the past three-month period the County had completed the hiring of the clinicians for the law enforcement mental health teams. During the past quarter, those teams made contact with 1442 individuals, of which half of those individuals resulted in 51/50 or 55/85 for children. In May, the County identified a Department of Public Works project manager for the crisis residential on urgent care capital development projects. Additionally, the County now meets on a monthly basis with its health agency, real estate, and public works representatives to develop a working plan in order to implement the mental health projects. The County has been working on the design for the urgent care and counseling site requirements. Ms. Marx explained that the County has facilitated a competitive solicitation process for the crisis residential program and completed training for the evaluators. There was a mandatory bidder’s conference in June 2016, and the County received 34 proposals for crisis residential treatment programs. Eleven of those proposals did not meet county minimum mandatory requirements, and there are about 23 potential crisis residential proposals that will result in a total of 356 beds. The County is working towards the final evaluation of the proposals.

Ms. Sousa inquired about the reason for the eight month delay for the County’s certification of its centers on the southeast regional evaluation in Torrance, California. The timeline provided by the County had a June 30, 2016 medical certification and it appears it will be completed in February 2017.

Ms. Marx stated that some law enforcement teams were waiting for certification. Teams are in operation but the certification had not yet been completed. Several others were in process and planned to have it completed by February 2017.

Mr. Buckhorn commented that the County was currently planning on having 356 beds and asked what the County planned to do with the 204 remaining beds. Discussion ensued regarding the cost per bed and whether there would be a second Request for Proposals (RFP).

Ms. Marx stated the County had to consult with executive management and county counsel to determine whether there would be another RFP.

Chairperson Brown requested a follow up on the beds and the impact on the \$41,000,000 grant approved by CHFFA.

Ms. Marx replied the County and CHFFA staff are working to reconcile the issue.

At the request of Chairperson Brown, Ms. Stanton commented CHFFA staff will wait for the County to finish scoring the proposals and will continue to work with the County regarding bed cost for consistency. CHFFA staff expects to amend the grant agreement with the County after the first of the year.

Chairperson Brown asked if there were any public comment. Mr. James Sweeney from James Sweeney and Associates asked Los Angeles County if it was a daily rate issue.

Ms. Marx replied that it was not a daily rate issue but the cost of capital development.

Item #8 **Investment in Mental Health Wellness Act of 2013**
Report to the Legislature

Ms. Stanton reported the legislation (SB 82) that created the Investment in Mental Health Wellness Grant Program required the Authority to submit a report on the status of the program to the Legislature for each of the two years following passage. The Authority submitted these reports as required in 2014 and 2015. The Authority additionally submitted a report in 2016, which detailed all grants awarded through May 26, 2016.

In June 2013, the Governor signed SB 82, which appropriated nearly \$150,000,000 to improve access to and capacity for mental health crisis services in California. The Authority was charged with implementing the competitive grant program created under SB 82. The Authority conducted five funding rounds and approved 56 awards committing all but approximately \$6 million of the appropriated funds for the benefit of 41 counties throughout the state. These awards were projected to provide 76 mobile crisis vehicles, 58.25 mobile crisis personnel, 1,185 crisis stabilization and crisis residential beds, and 18 peer respite beds. With the passage of SB 833 in 2016, the remaining funds have since been re-appropriated to the Authority for grants that will expand mental health crisis capacity for children and youth 21 years of age and under.

Items #9, #10, #11 **Other Business/Public Comment/Adjournment**

Chairperson Brown asked for public comment. Hearing none and with no additional business, the meeting was adjourned at 2:19 P.M.