

MINUTES
CALIFORNIA HEALTH FACILITES FINANCING AUTHORITY
(“CHFFA”) or (“Authority”)
915 Capitol Mall, Room 587
Sacramento, California 95814

February 23, 2017 – 1:45 P.M.

Alternate Location for CHFFA Teleconference Participation
San Francisco Health Plan Service Center
7 Spring Street
San Francisco, California 94104

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

OPEN SESSION

Deputy Treasurer, Vincent P. Brown, serving as Chairperson, called the meeting to order at 2:06 P.M.

ROLL CALL

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

Member Absent: Oscar Sablan, M.D.

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 the Minutes from the January 26, 2017 Meeting

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

Motion to approve the minutes from the January 26, 2017 meeting.

MOTION: Member Hansen SECOND: Member Frank

AYES: Sousa, Hansen, Buckhorn, Frank, LoFaso, Ortega, Brown

NOES: NONE

ABSTAIN: NONE

RECUSE: NONE

MOTION ADOPTED.

Executive Director's Report

Diane Stanton, Executive Director, reported that a new Authority member, Dr. Robert Cherry, Chief Medical and Quality Officer and surgeon at UCLA Health Systems in Los Angeles would join the CHFFA meeting next month.

CHFFA Fund Balances and Comprehensive Debt List Summaries

Ms. Stanton reported the financials as of January 31, 2017 and updated the equipment debt list summary. The comprehensive debt list summary had no changes.

Tax Exempt Bond Delegation of Powers Monthly Update

No action taken pursuant to the Tax-Exempt Bond delegation of powers resolution.

HELP II Loan Program Delegation of Powers Monthly Update

No action taken pursuant to the HELP II Loan Program delegation of powers resolution.

California Health Access Model Program ("CHAMP")

Ms. Stanton reported San Francisco Health Plan ("SFHP") was awarded the California Health Access Model Program ("CHAMP") grant to expand and evaluate its existing Community Based Care Management Pilot Program ("CBCM"). The demonstration project period was June 1, 2014 to June 30, 2016. SFHP continued to collect data beyond the project period and has graciously offered to share this data with CHFFA. Staff was not confident the current data provided significant support that CBCM could be a replicable model. SFHP will present the project findings to the Authority based on a complete data set, and at that time, the Authority may be able to decide whether to move forward with replication.

HELP II Loan Program Update

Staff would launch the Automatic Payment System in April. The HELP II Loan borrowers may continue making payments by check or through the Automatic Payment System when it goes live.

Legislation

Ms. Stanton reported that AB 1026 (Dababneh) has been introduced which would expand CHFFA to include for-profit skilled nursing facilities when at least 60% of their patients are on Medi-Cal. The bill is similar to AB 2104 which Assemblymember Dababneh authored in 2016 but did not pass the Appropriations Committee. Ms. Stanton would provide updates on the bill and its progress at future Authority meetings.

COMIO, Council on Mentally Ill Offenders, sent a letter to the Authority in support of the Community Services Infrastructure Grant Program that was authorized in the last budget. This program was for offenders that cycle in and out of county jails that are mentally ill or have substance abuse disorders. Governor Brown's current proposed budget eliminated funding for the program.

Site Visits

There were no site visits to report.

Staff was invited to Rady Children's Hospital 101 Program in April. Ms. Stanton extended the invitation to the Authority members.

Item #4

**Rady Children’s Hospital – San Diego, San Diego, California
Resolution No. CHP-3 2017-01**

Debby Marroquin, staff analyst, presented. Rady Children’s Hospital – San Diego (“RCHSD”) requested the Authority’s approval of a portion of its Children’s Hospital Program of 2008 (Proposition 3) grant funds in the amount not to exceed \$5,379,082 to reimburse the cost of medical equipment in order to meet the needs of a growing patient population and improve quality of care for children in the San Diego region. Equipment items purchased included replacements, additions and enhancements for several departments of the hospital for a variety of purposes.

Attendees: Barbara Ryan, Vice-President, Government Affairs, Rady Children’s Hospital – San Diego (via phone).

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

Authority Action

Motion to approve Resolution No. CHP-3 2017-01 for Rady Children’s Hospital – San Diego to provide a grant not to exceed \$5,379,082 and subject to all requirements of the Children’s Hospital Program of 2008.

MOTION: Member Frank SECOND: Member Buckhorn

AYES: Sousa, Hansen, Buckhorn, Frank, LoFaso, Ortega, Brown

NOES: NONE

ABSTAIN: NONE

RECUSE: NONE

MOTION ADOPTED.

Ms. Stanton reported agenda items #5 and #6 were extension requests for San Bernardino County related to the Investment in Mental Health Wellness Act of 2013. She stated that the program expires in June of 2018, and staff was working diligently with all counties to assist them with getting their programs operational. Ms. Stanton reported the Authority has moved towards resolution and grant period extensions which include tailored milestones to ensure projects are on track to be completed and operational before the program ends.

**Item #5 Investment in Mental Health Wellness Act of 2013, Second Amendment
To Resolution No. MH 2015-05 (San Bernardino County)**

Tyler Gee, staff analyst, presented. On June 25, 2015, the Authority approved a Final Allocation grant for San Bernardino County (“the County”) in an amount not to exceed \$3,054,094 to establish a 16-bed Crisis Residential Treatment (“CRT”) program as part of the third funding round. Grant funds were approved for the purchase of property, construction, the purchase of furnishings and equipment, and information technology costs.

Due to delays that have impacted the project timeline for the CRT, the Authority staff recommended extending the current resolution and project period expiration date to May 31, 2018.

In addition, the County requested a change in the project description to use all grant funds for construction since the cost of construction exceeds the grant award amount. The estimated total cost of the CRT was \$6,668,300, of which construction costs were approximately 70% or \$4,598,008. The County would use other sources of funds (Mental Health Services Act funds and County funds) to complete the project.

Authority members and San Bernardino County staff discussed the project description and timeline.

Mr. Hansen commented that the County was two years behind schedule, which may jeopardize the program.

San Bernardino County staff assured Mr. Hansen the project would be completed by the proposed resolution end date.

Mr. Hansen replied he would like the County to report back to the Authority by December 2017 and requested progress reports on the project.

San Bernardino County staff agreed to Mr. Hansen's requests.

Chairperson Brown inquired if the construction was scheduled for March 15, 2017. San Bernardino County staff confirmed that construction has already begun.

Attendees for San Bernardino County: Veronica Kelley, Director, Department of Behavioral Health; Sharon Nevins, Interim Director, Department of Aging and Adult Services; Dena Fuentes, Deputy Executive Officer, Community Development and Housing Agency; Darlynn Wisset, Assistant Director, Project Management Division; Jennifer Edge Ballantine, Program Specialist, Department of Behavioral Health.

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

Authority Action

Motion to approve a Second Amendment to Resolution No. 2015-05 to revise the project description and extend the resolution and project period expiration date to May 31, 2018.

MOTION: Member Buckhorn SECOND: Member Frank

AYES: Sousa, Hansen, Buckhorn, Frank, LoFaso, Ortega, Brown

NOES: NONE

ABSTAIN: NONE

RECUSE: NONE

MOTION ADOPTED.

Item #6 **Investment in Mental Health Wellness Act of 2013, Amendment to
Resolution No. MH 2015-09 (San Bernardino County)**

Tyler Gee, staff analyst, presented. On December 3, 2015, the Authority approved a Final Allocation grant for San Bernardino County in an amount not to exceed \$7,586,185 to establish a 16-bed Crisis Residential Treatment (“CRT”) program and a 20-bed Crisis Stabilization (“CSU”) program as part of the fourth funding round. The total cost of the CRT and CSU projects was approximately \$13,420,000.

Due to delays that have impacted the project timelines for the CRT and CSU, Authority staff recommended the extension from the current June 30, 2017 resolution and grant period expiration date to May 31, 2018 to allow sufficient time to complete construction of the CRT and CSU projects and ensure both facilities become operational.

San Bernardino County staff discussed the land parcel, building plans, CEQA, and the timeline.

Attendees for San Bernardino County: Veronica Kelley, Director, Department of Behavioral Health; Sharon Nevins, Interim Director, Department of Aging and Adult Services; Dena Fuentes, Deputy Executive Officer, Community Development and Housing Agency; Darlynn Wisset, Assistant Director, Project Management Division; and Jennifer Edge Ballantine, Program Specialist, Department of Behavioral Health.

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

Authority Action

Motion to approve Resolution No. MH 2015-09 to extend the resolution and grant period expiration date to May 31, 2018.

MOTION: Member Frank SECOND: Member Buckhorn

AYES: Sousa, Hansen, Buckhorn, Frank, LoFaso, Ortega, Brown

NOES: NONE

ABSTAIN: NONE

RECUSE: NONE

MOTION ADOPTED.

Item #7 **Investment in Mental Health Wellness Act of 2013, Reinstatement of
Resolution No. MH 2014-21 (County of Ventura)**

Jameson Mitchell, staff analyst, presented. On April 24, 2014, the Authority approved a Final Allocation grant for the County of Ventura (“Ventura”) in an amount not to exceed \$1,134,777.11 to establish a new 13-bed Crisis Stabilization Unit (“CSU”) as part of the first funding round. Ventura had a significant cost savings of roughly \$900,000 while completing its CSU project with a new model. The new model allowed for 10 beds rather than the initially projected 13 beds. In addition, at the April 2016 Authority meeting, Ventura was approved for a second project to be undertaken with the unused funds—a new six-bed children and youth CSU.

In November 2016, Ventura notified the Authority staff that its first adult CSU had a licensing issue and would have to close its doors. Authority staff was unable to process the final disbursements for the second children and youth CSU given the unresolved circumstances. In addition, the grant expired on December 31, 2016. The proposed reinstatement would allow a recall or transfer of previously disbursed monies as well as a disbursement for the operational children and youth CSU.

Ventura's staff provided background information regarding the licensure issue with the California Department of Public Health ("CDPH"). Kim Milstien indicated that the initial CSU model was amenable to CDPH but later was disallowed due to the CSU being operated within a hospital.

Elaine Crandall described the process of establishing the children and youth CSU and detailed some of the services it has provided.

Chairperson Brown requested staff restate the staff recommendation. Staff restated the recommendation and summarized the contents of the resolution.

Mr. Hansen commented that he regrets CDPH's late intervention in the matter.

Attendees for Ventury County: Kim Milstien, CEO, Ventura County Medical Center; Terri Yanez, Division Manager, Ventura County Behavioral Health; and Elaine Crandall, Director, Ventura County Behavioral Health.

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

Authority Action

Motion to approve the reinstatement of Resolution No. MH 2014-21 to adjust the scope of the project and allow the disbursement of grant funds to Ventura County Behavioral Health subject to the conditions in the resolution with a resolution and project period expiration date of August 31, 2017.

MOTION: Member Hansen SECOND: Member Buckhorn

AYES: Sousa, Hansen, Buckhorn, Frank, LoFaso, Ortega, Brown

NOES: NONE

ABSTAIN: NONE

RECUSE: NONE

MOTION ADOPTED.

Item#8 The Children's Hospital Program of 2004, Resolution No. 2017-04

Ms. Stanton requested authorization to pursue rulemaking proceedings to promulgate amendments to the Proposition 61 Children's Hospital Program of 2004 ("Program") regulations, which would allow the Authority to launch two new funding rounds to disburse all of the remaining funds and officially close out the Program.

Funding Round Three, which was designed to be a non-competitive round, would be open to the 13 children hospitals and would maintain the statutory limits: eighty percent (80%) of the total funds available would be awarded to the eight eligible non-profit children's hospitals and twenty percent (20%) of the total funds available would be awarded to the five eligible University of California ("UC") children's hospitals.

Funding Round Four, if necessary, would be a competitive round with the five UC children's hospitals competing for the remaining balance of the 20% share and the eight non-profit children's hospitals competing for the remaining balance of the 80% share on a first-come, first-served basis.

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

Authority Action

Motion to approve Resolution No. 2017-04 for the adoption of amendments to the Regulations for Proposition 61 Children's Hospital Program of 2004 and authorize rulemaking proceedings.

MOTION: Member Lofaso SECOND: Member Ortega

AYES: Sousa, Hansen, Buckhorn, Frank, LoFaso, Ortega, Brown

NOES: NONE

ABSTAIN: NONE

RECUSE: NONE

MOTION ADOPTED.

Item #9 HELP II Loan Program Annual Report

Due to time constraints, there was no formal presentation of the HELP II Loan Program Annual Report. It was submitted and accepted by the Authority.

CLOSED SESSION

Closed session began at 3:08 p.m.

Item #10 Pending Litigation (Government Code section 11126(e)(2)(A))

Discussion with legal counsel regarding pending litigation, *Bernard v. CHFFA, et al.*, Sacramento County Superior Court Case No. 34-2016-00203224.

OPEN SESSION

Open session resumed at 3:21 p.m.

Items #11, #12, and #13 Other Business

Chairperson Brown asked for public comment. Hearing none and with no additional business, the meeting adjourned at 3:22 P.M.