

MINUTES
California Health Facilities Financing Authority
(“CHFFA” or “Authority”)
915 Capitol Mall, Room 587
Sacramento, California 95814

April 27, 2017 – 1:30 P.M.

Alternate Location for CHFFA Teleconference Participation:
Sablan Law
979 “O” Street
Firebaugh, California 93622

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 1:32 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
Dr. Oscar Sablan – Via Teleconference
Judith Frank
Sumi Sousa

Members Absent: Jack Buckhorn
Jay Hansen
Dr. Robert Cherry

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 March 23, 2017 Meeting

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

Authority Action

Motion to approve the minutes from the March 23, 2017 meeting.

MOTION: Member Sousa SECOND: Member LoFaso

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

NOES:NONE

ABSTAIN:NONE

RECUSE:NONE

MOTION ADOPTED.

Executive Director's Report

CHFFA Fund Balances and Comprehensive Debt List Summaries

Diane Stanton, Executive Director, reported the financials as of March 31, 2017 and noted a new balance line to reflect the Children and Youth Investment in Mental Health Wellness Program Funds. She also reported El Camino Hospital moved from position #14 to position #10 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

- √ Interim, Inc. – Approval of the Changing of Collateral. The Authority's in-house counsel reviewed the request and confirmed the proposed action fell within the Authority's delegation resolution. The Executive Director executed all of the loan documents and the loan closed on March 20, 2017.
- √ The Center for Recovery from Compulsivities, Inc. ("CRC") – Amended the Promissory Note, the Loan, and Security Agreement confirming the merger with Los Angeles Centers for Alcohol and Drug Abuse ("LA CADA"). The Authority's in-house counsel reviewed the amendments and confirmed the proposed action fell within the Authority's delegation resolution. The amendments to the Promissory Note, the Loan and Security Agreement were executed by the Executive Director on March 30, 2017.

HELP II Loan Program Update

Ms. Stanton reported that CHFFA began receiving payments electronically through CHFFA's HELP II on-line payment system. So far, three borrowers utilized the on-line service and several others expressed interest.

Legislative Update

Ms. Stanton informed the Authority members that the Senate Budget Sub-Committee heard but did not take any action on the Governor's proposed cuts to the Children and Youth Mental Health Program or the Community Infrastructure Program. This matter is an open item pending the May Revise and availability of funds. She also shared that the Assembly Budget Sub-Committee heard and rejected the Governor's proposed cuts to both the Children and Youth Program and the Community Infrastructure Program.

Ms. Stanton shared that AB 1026 (Dababneh), which proposes to amend the statutes of CHFFA and Cal-Mortgage to include for-profit skilled nursing home facilities with 60% or more of its residents on Medi-Cal, remains in the Assembly Health Committee with no hearing scheduled.

Site Visits

Yuanyuan Wei, staff analyst, presented. Carolyn Aboubechara, Yuanyuan Wei, and CHFFA board member Jack Buckhorn visited Sonoma County's Crisis Stabilization Unit and Crisis Residential Treatment facilities that were financed with the Investment in Mental Health Wellness Grant program funds.

Item #4

**Children’s Hospital Los Angeles, California
Resolution No. 426**

Erin Lane, staff analyst, presented. Children’s Hospital Los Angeles (“CHLA”) requested Authority approval to issue bonds in an amount not to exceed \$400,000,000. Bond proceeds would be used to refund California Statewide Communities Development Authority (“CSCDA”) Fixed Rate Revenue Bonds CHLA Series 2007, a portion of CHFFA Fixed Rate Revenue Bonds CHLA Series 2010A and CHFFA Variable Rate Revenue Bonds CHLA Series 2012B, to finance or reimburse for the purchase of equipment, information systems and interior renovations for certain health facilities, and to pay for the costs of issuance.

Attendees: Scott Lieberenz, Chief Financial Officer, CHLA; Jenna Magan, Partner, Orrick, Herrington & Sutcliffe LLP; and James Kim, Director, Barclays Capital, Inc.

Ms. Frank requested that the savings associated with transactions be clearly identified on the Executive Summary of the staff report for consistency.

CHFFA members discussed the percentage of revenue versus the volume of Medi-Cal patients, community benefits CHLA offered, the programs available, and the population served.

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

Authority Action

Motion to approve Resolution No. 426 for the Children’s Hospital Los Angeles in an amount not to exceed \$400,000,000.

MOTION: Member Sousa SECOND: Member Ortega

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

NOES:NONE

ABSTAIN:NONE

RECUSE:NONE

MOTION ADOPTED.

Item #5

**Valley Children’s Hospital (“VCH”), Madera, California
Resolution No. CHP-3 2017-02**

Tyler Gee, staff analyst, presented. Valley Children’s Hospital requested Authority approval of a portion of its Children’s Hospital Program of 2008 (Proposition 3) grant funds in an amount not to exceed \$10,694,570 to reimburse the cost of equipment, construction for modifications necessary to install equipment, and information technology (IT) related projects in order to meet the needs of a growing patient population and improve quality of care for children in the Central Valley Region. Authority staff recommended approval of Resolution No. CHP-3 2017-02.

Attendees: Tim Curley, Director of Community & Government Relations, VCH.

Mr. Curley gave a brief overview of VCH efforts and briefly described the project.

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

David Huang, representing OSPHD, stated MCDH was on the Cal-Mortgage watch list due to the bankruptcy filing and MCDH would be monitored consistently by Cal-Mortgage to ensure steady performance. Mr. Huang elaborated that MCDH would be required to get Cal-Mortgage consent prior to obtaining any more debt and, as staff, Mr. Huang would recommend to his supervisors the approval of the additional debt in the form of a HELP II loan.

Chairperson Brown stated there is an agenda item to discuss overall policy changes later in the meeting. Ms. Stanton confirmed.

Attendees: Wade Sturgeon, Chief Financial Officer, Mendocino Coast Health Care District; David Huang, Supervisor, Cal-Mortgage Loan Insurance Division, OSHPD; Consuelo Hernandez, Manager, Cal-Mortgage Loan Insurance Division, OSHPD.

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

Authority Action

Motion for approval to Resolution No. HII-306 for Mendocino Coast Health Care District for an amount not to exceed \$1.5 million.

MOTION: Member LoFaso SECOND: Member Ortega

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

NOES:Member Frank

ABSTAIN:NONE

RECUSE:NONE

MOTION ADOPTED.

Item # 7 Mountain Communities Healthcare District, dba Trinity Hospital, Weaverville, California, Resolution No. HII-307

Jameson Mitchell, staff analyst, presented. Mountain Communities Healthcare District dba Trinity Hospital requested Authority approval to finance the construction, renovation and remodeling of real property. This financing would be used to construct an additional 18 rooms for the expansion of the Trinity Community Health Clinic.

Hollie Malloy, representing Trinity Community Health Clinic, indicated that the expansion of the Trinity Community Health Clinic would allow specialists such as cardiologists to provide services to the underserved community. Ms. Malloy indicated Trinity Community Health Clinic also wanted to bring dental services to Trinity County with this expansion.

Attendees: Jennifer Van Matre, Director of Finance, Mountain Communities Healthcare District dba Trinity Hospital; and Hollie Malloy, Manager, Trinity Community Health Clinic.

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

Authority Action

Motion for approval to Resolution No. HII-307 for Mountain Communities Healthcare District, dba Trinity Hospital, in an amount not to exceed \$1,500,000.

MOTION: Member Ortega SECOND: Member LoFaso

AYES: Members Sousa, Sablan, Frank, Ortega, LoFaso, Brown
NOES: NONE
ABSTAIN: NONE
RECUSE: NONE

MOTION ADOPTED.

Item #8 **HELP II Loan Program’s Programmatic Changes**
Resolution No. 2017-05

Authority staff recommended extending programmatic changes to the HELP II Loan Program, which were initially approved at the Authority’s April 2015 meeting, for an additional two years making the changes valid through April 30, 2019. In addition, staff recommended changes on payment method and schedule.

Staff recommended the following changes to the HELP II Loan Program for an additional two-year period:

1. Increase loan term from 15 years to 20 years for the financing of real property acquisition, construction, or renovation.
2. Increase the maximum loan amount from \$1,000,000 to \$1,500,000 to finance larger projects.
3. Lower interest rate from 3% to 2% for all loans except refinancings, which will remain at 3%.

In addition, staff recommended that all borrowers with new loans be automatically enrolled in the Electronic Payment System unless the borrower elects to opt out.

Staff also recommended changes to the payment date schedule. For any new loans, a borrower would choose either the 1st or the 15th of the month as the payment due date with a 10-day grace period. However, for new loans where the borrower elects to opt out of the Electronic Payment System, payments would be due by the 1st of each month and the grace period and the one-time waiver for late payments would be eliminated.

Chairperson Brown requested staff to provide an analysis on proposed policy changes at a future meeting.

Mr. LoFaso also requested staff to look at the maximum loan amount, various policies for different types of facilities, and program guidance requirements for any policy exceptions.

Ms. Stanton added that staff will engage with Sperry Capital, Inc. to analyze the portfolio to see what parameters the portfolio could support and staff would also review the needs of the borrowers.

Attendees via phone: James Gibbs, Principal, Sperry Capital, Inc. and Martha Vujovich, Principal, Sperry Capital, Inc.

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

Authority Action

Motion for approval to Resolution No. 2017-05 to extend the programmatic changes to the HELP II Loan Program until April 30, 2019.

MOTION: Member Frank SECOND: Member Sousa

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

NOES:NONE

ABSTAIN:NONE

RECUSE:NONE

MOTION ADOPTED.

Ms. Frank recused herself from agenda item #9 due to her potential contract with San Luis Obispo County.

Item #9 Investment in Mental Health Wellness Act of 2013, Amendment to Resolution No. MH 2015-10, County of San Luis Obispo

Matthew Saha, staff analyst, presented. On December 3, 2015, the Authority approved a Final Allocation for San Luis Obispo County (the “County”) in an amount not to exceed \$971,070 to establish a 4-bed Crisis Stabilization Unit (“CSU”) as part of the fourth funding round. Grant funds were approved for costs associated with purchase of real property, construction or renovation, furnishings and equipment, information technology, and three months of program startup.

The County was unable to complete the project within its initially proposed timeline due to a change in the County’s Public Works Department project management process. This change required the County to follow the same permitting process as the general public, resulting in delays. The County expects to begin serving clients by February 2018. The County requested an extension to the resolution and grant period expiration date from June 30, 2017 to May 31, 2018 in order to complete its CSU project. Authority staff recommended approval of the extension request.

Attendees: Anne Robin, LMFT, Behavioral Health Administrator, County of San Luis Obispo; Raven Lopez, Accountant III, County of San Luis Obispo; Creed Bruce, Associate Capital Projects Coordinator, County of San Luis Obispo.

Ms. Robin gave a brief overview of San Luis Obispo County Behavioral Health’s efforts and briefly described the project.

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

Authority Action

Motion to approve Amendment to Resolution No. MH 2015-10 (County of San Luis Obispo) to extend the resolution and grant period expiration date to May 31, 2018 subject to additional conditions in the Resolution.

MOTION: Member Sousa SECOND: Member LoFaso

AYES: Members Sousa, Sablan, Ortega, LoFaso, Brown
NOES: NONE
ABSTAIN: NONE
RECUSE: Member Frank

MOTION ADOPTED.

Items #10, #11, #12 Other Business/Public Comment/Adjournment

Chairperson Brown asked for public comment. Hearing none and with no additional business, the meeting adjourned at 2:55P.M.