

MINUTES

**California Health Facilities Financing Authority
("CHFFA")
915 Capitol Mall, Room 587
Sacramento, California 95814**

Alternate Location for CHFFA Teleconference Participation:

*Asset Strategies
500 S. Figueroa Street
Los Angeles, California 90071*

April 30, 2015 – 1:30 P.M.

Deputy Treasurer, Vince Brown, serving as Chairman, called the meeting to order at 1:34 P.M.

Roll Call

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

Members Absent: *Jay Hansen
Ann Madden Rice
Pedro Reyes*

Chairman Brown declared a quorum present.

Approval of the Minutes from the April 9, 2015 Meeting

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

Board Action

Motion to approve the minutes from April 9, 2015 CHFFA meeting.

MOTION: Member Buckhorn SECONDED: Member LoFaso

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

NOES: None

ABSTAIN: None

RECUSE: None

MOTION ADOPTED.

Executive Director’s Report CHFFA Fund Balances

CHFFA Fund Balances and Comprehensive Debt List Summaries

Barbara Liebert, Executive Director, submitted fund balances for the record, as of March 31, 2015, which included the California Health Access Model Program (“CHAMP”) fund balance and the Comprehensive Debt Limit Summaries of CHFFA’s top 14 borrowers.

Tax Exempt Bond Delegation of Powers Monthly Update

No actions were taken pursuant to the Tax-Exempt Bond Delegation Resolution.

HELP II Loan Program Delegation of Powers Monthly Update

No actions were taken pursuant to the HELP II Loan Program Delegation Resolution.

California Health Access Model Program (“CHAMP”) Status Update

There were no updates to report on the existing CHAMP grant program. Ms. Liebert took the opportunity to share that Senator Hernandez and Senator Monning authored SB 315 to create a CHAMP sequel. It passed out of Senate Committee a day before and acquired another author. Senator Pan expressed interest in co-authoring that bill.

Site Visits

There were no site visits to report.

Item #4 Mountain Communities Healthcare District dba Trinity Hospital Resolution No. HII-292

Bianca Smith, staff analyst, introduced the representative from Mountain Communities Healthcare District dba Trinity Hospital. The loan proceeds along with Trinity’s internal funds would be used to refinance a private United Healthcare loan, which was used to finance an electronic health record (EHR) system. This loan will eliminate three balloon payments due on the EHR loan and would result in a rebate of \$127,000 in addition to interest rate savings of approximately \$32,800 per month.

Representing Mountain Communities Healthcare District dba Trinity Hospital: Jennifer Van Matre, Director of Finance of Trinity Hospital.

Staff recommended the Authority approve Resolution No. HII-292 for Mountain Communities Healthcare District dba Trinity Hospital in an amount not to exceed \$1,000,000 for a term not to exceed 5 years, and contingent upon financing terms acceptable to the Authority.

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

Board Action

Motion to approve Resolution No. HII-292 for Mountain Communities Healthcare District dba Trinity Hospital.

MOTION: Member LoFaso SECONDED: Member Ortega

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

NOES: None

ABSTAIN: None

RECUSE: None

MOTION ADOPTED.

Item #5 Children’s Hospital & Research Center at Oakland, California
Resolution No. CHP-3 2015-02

Janae Davis, staff analyst introduced representatives from the Children’s Hospital & Research Center at Oakland.

Representing Children’s Hospital & Research Center at Oakland (“CHO”): Kathleen Cain, Senior Vice President, Chief Financial Officer and Colleen Reid, Controller.

Staff recommended the Authority approve Resolution No. CHP-3 2015-02 for Children’s Hospital & Research Center at Oakland to provide a grant not to exceed \$3,422,027 (less issuance and administrative costs), subject to all requirements of the Children’s Hospital Program of 2008.

Dr. Sablan asked for clarification about CHO’s Federally Qualified Health Center’s board structure, specifically whether they have a community board or are using the hospital’s board.

Ms. Frank complemented CHO on its great service delivery.

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

Board Action

Motion to approve Resolution No. CHP-3 2015-02 Children’s Hospital & Research Center at Oakland.

MOTION: Member LoFaso SECONDED: Member Frank

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

NOES: None

ABSTAIN: None

RECUSE: None

MOTION ADOPTED.

For agenda items #6 and #8, Ms. Frank recused herself due to her work with Los Angeles County and previous work with Santa Clara County.

Item #6 **Investment in Mental Health Wellness Act of 2013**
Resolution No. 2015-04

Ms. Liebert invited Diane Van Maren, Independent Policy Consultant, to the table to discuss the County Behavioral Health Directors Association’s (“CBHDA”) requested programmatic changes. Ms. Liebert presented the following recommendations for the Authority’s approval:

1. Lift the county maximums as of July 1, 2015;
2. Reallocate \$20 million of funding available after third funding round final allocations from Crisis Residential to Crisis Stabilization; and
3. Extend the readiness period from six to nine months.

Ms. Liebert announced that the Department of Finance indicated that CHFFA has the authority to reallocate grant funds without further Legislation. However, the Department of Finance would like to be informed of all funding changes approved by CHFFA.

Ms. Liebert stated that her recommendations presented at the meeting differ slightly from those presented in the staff report due to CBHDA’s recent letter.

A discussion ensued between the members about staff’s and CBHDA’s recommendations. Mr. Buckhorn noted that he would prefer to allocate \$15 million from Crisis Residential to Crisis Stabilization, rather than the staff recommended \$20 million. Mr. Buckhorn made a motion to remove county maximums, allocate \$15 million from Crisis Residential to Crisis Stabilization and extend readiness period from six to nine months.

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

MOTION: Member Buckhorn SECONDED: Member LoFaso

AYES: Members LoFaso, Ortega, Buckhorn, Sablan

NOES: Member Brown

ABSTAIN: None

RECUSE: Member Frank

MOTION ADOPTED.

Items #7 and #8 were taken out of order.

**Item #8 Speaker on Peer Respite Programs for the Investment in Mental Health
Wellness Grant Program (Information Item)**

Ms. Liebert introduced the speakers presenting Peer Respite Programs.

Representing the Peer Respite Programs for the Investment in Mental Health Wellness Grant Program: Diane Van Maren, Independent Policy Consultant; Noel O’Neil, Director of Behavioral Health for Trinity County; Laysha Ostrow, PhD., MPP, Postdoctoral Fellow at the University of California, San Francisco; Adrian Camp, Program and House Manager for Second Story, Santa Cruz; and Yana Jacobs, LMFT, Senior Program Officer with Foundation for Excellence in Mental Health Care (former Chief of Adult Services for Santa Cruz Mental Health).

Each guest presented information on Peer Respite Programs and responded to Authority members’ questions.

Ms. Frank left the teleconference call at 2:29pm.

**Item #7 HELP II Loan Program
Resolution No. 2015-05**

Brock Lewis reported on the HELP II Loan Program (the “Program”). Staff recommended the following programmatic adjustments to the Program and actions to be taken in anticipation of the May meeting:

1. Increase the loan term from 15 years to 20 years to finance real property acquisition, construction, or renovation to help borrowers improve cash flow by reducing monthly payments. This change would also align with the industry standard, which typically provides a 20-30 year amortization schedule for real property financings.
2. Increase the maximum loan amount from \$1,000,000 to \$1,500,000 to allow borrowers access to more funds for larger projects involving real property acquisition, construction or renovation, and equipment acquisition.
3. Direct staff to develop a program within HELP II that on a case-by-case basis, may assist struggling health facilities that do not meet one or more of the financial eligibility guidelines of the Program. Staff will prepare and present the framework of such a concept at the May 28, 2015 meeting.
4. Direct staff to present grant program concepts from one or more of the ideas presented in Exhibit A to be heard and considered at the May 28, 2015 meeting.

Staff requested the Authority’s financial advisor, Sperry Capital, to analyze the Program Fund balance and evaluate the potential consequences of implementing one or more of these suggestions. Sperry Capital discussed the results of its analysis.

Sperry Capital presented a PowerPoint of its analysis of the Program fund balance and evaluated the potential consequences of implementing one or more of these suggestions.

Mr. Buckhorn stated to keep this a loan program and make it more appealing to recipients who we target. He would like to see that effort happen before any grant programs are considered, and would like to see CHFFA help riskier borrowers He also favored lowering the interest rate to 2% for a two year period.

Board Action

Mr. Buckhorn moved approval to increase the loan term to 20 years, decrease the interest rate to 2% for two years, and increase the maximum loan amount to \$1,500,000 for Resolution No. 2015-05 HELP II Loan Program.

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

MOTION: Member Buckhorn SECONDED: Member Sablan

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

NOES: None

ABSTAIN: None

RECUSE: None

MOTION ADOPTED.

Item #9, 10, and 11 Other Business, Public Comment, Adjournment

Chairman Brown, asked for public comment. Hearing none and with no additional business, the meeting was adjourned at 4:12 P.M.