

MINUTES

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

March 24, 2016 – 1:30 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

Deputy Treasurer, Vincent Brown, serving as Chairperson, called the meeting to order at 1:34 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
Jay Hansen
Jack Buckhorn
Sumi Sousa – via teleconference

Members Absent: Oscar Sablan, M.D.
Ann Madden Rice

Chairperson Brown declared a quorum present.

Chairperson Brown announced in an effort to promote transparency, a live, interactive, call-in number is 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 February 25, 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 February 25, 2016 meeting.

MOTION: Member LoFaso SECOND: Member Frank

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

NOES: None

ABSTAINS: None

RECUSE: None

MOTION ADOPTED.

Executive Director's Report

Diane Stanton, Executive Director, introduced a new staff analyst, Jameson Mitchell.

- CHFFA Fund Balances and Comprehensive Debt List Summaries

Ms. Stanton submitted fund balances for the record as of February 2016, including the Comprehensive Debt list Summaries of CHFFA's top 16 borrowers.

- Tax-Exempt Bond Delegation of Powers Monthly Update

Southern California Alcohol & Drug Program. The Office of Statewide Health Planning and Development requested CHFFA execute a Termination Agreement in connection with the payoff of Southern California Alcohol and Drug Programs 1997 Series A Bonds, 2001 Series A Bonds, and 2005 Series A Insured Revenue Bonds. CHFFA's in-house counsel reviewed the request for the execution of the Termination Agreement and confirmed the proposed action fell within CHFFA's delegation resolution. The Executive Director executed the Termination Agreement on March 14, 2016.

- HELP II Loan Program Delegation of Powers Monthly Update

Sanctuary House of Santa Barbara. Sanctuary House of Santa Barbara, Inc. notified CHFFA that its name changed to Sanctuary Centers of Santa Barbara, Inc. The Promissory Note and the Loan and Security Agreement were amended to reflect the new name. CHFFA's in-house counsel reviewed the amendments and confirmed the proposed action to amend the Promissory Note and the Loan and Security Agreement fell within CHFFA's delegation resolution. The Amendment to the Promissory Note was executed by the borrower and the Amendment to the Loan and Security Agreement was executed by both parties on March 3, 2016.

- California Health Access Model Program ("CHAMP") Status Update

San Francisco Health Plan submitted its 6th Quarterly report and requested a disbursement of approximately \$250,000 to cover six months of project work. The remaining balance of the grant is approximately \$500,000. CHFFA should expect a final evaluation of this project sometime this summer.

- Investment in Mental Health Wellness Act of 2013 Update

Ms. Stanton reported scoring teams have been working feverishly to review and score all applications. CEFA staff has been helping with the scoring as well as our retired annuitant and STO's Executive Fellow. Staff is on target to present award recommendations to the Authority at the May 26th meeting. The fifth and the final funding round applications were due March 8th. CHFFA received about 20 applications for a total of about \$27 million. CHFFA received six applications for the peer respite care program for a total of about \$4.5 million, which is higher than the total amount available for this program.

- Legislation

AB 2104, by Assemblyman Dababneh, was amended last week and is sponsored by the California Association of Health Facilities ("Association"). The bill would make CHFFA financing and Cal-Mortgage insurance available to certain for-profit skilled nursing homes. The Association is hoping the legislation would make credit enhancements more favorable, induce more construction, and expand the capacity of skilled nursing homes.

Mr. Hansen asked if CHFFA was a co-sponsor of the bill. Ms. Stanton replied that CHFFA was not a co-sponsor, but the Association did reach out to CHFFA before introducing the bill.

Mr. Hansen noted that he has spoken before about the ability of small solo practice physicians, whose incomes from Medi-Cal recipients were 50% or greater, be allowed to access the HELP II funds. Ms. Stanton stated the bill has a threshold of 60% Medi-Cal recipients for a for-profit skilled nursing facility to be eligible.

Chairperson Brown replied Mr. Hansen’s comments would be shared with the Treasurer.

- **Site Visits**

There were no site visits to report.

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

Item #4 **Valley Children’s Hospital (“VCH”), Madera, California**
Resolution No. CHP-3 2016-01

Tyler Gee, staff analyst, presented. Mr. Gee advised Authority members of a correction on page two of the staff report. VCH requested grant funds to reimburse itself for: (1) the cost of relocation and expansion of its Speech and Audiology clinic to its main campus in Madera, 2) the cost of patient care equipment including Phillips monitors in its inpatient units, two ultrasound machines, infant warmers, and ventilators for its Home Care division, 3) the cost of two main chemistry analyzers, and 4) the costs of several Information Technology projects including further enhancements to its Enterprise Picture Archiving Communication System (PACS) and the replacement of its wireless system.

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

Chairperson Brown noted that although Dr. Sablan could not attend the Authority meeting, Dr. Sablan supports VCH’s efforts.

Mr. Hansen commented that he had visited the facility, felt it was a great opportunity, and was very impressed.

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

Authority Action

Motion to approve Resolution No. CHP-3 2016-01 for Valley Children’s Hospital to provide a grant not to exceed \$11,935,018.

MOTION: Member Hansen SECOND: Member Buckhorn

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

NOES: None

ABSTAINS: None

RECUSE: None

MOTION ADOPTED.

Item #5 **Yolo Family Service Agency (“YFSA”), Woodland, California**
Resolution No. HII-299

Brock Lewis, staff analyst, presented. Proceeds would be used to build a new meeting and training space for its expanded clinical staff and to consolidate its existing debt by refinancing its current HELP II loan and a private loan in order to lower minimum monthly debt payments.

Chairperson Brown asked Mr. Lewis to explain the debt service coverage. Authority members and YFSA discussed YFSA’s donations, reimbursement, staff history, and client revenues.

Attendees: Lester Neblett, Executive Director, Yolo Family Service Agency.

Chairperson Brown asked for public comment, there was none.

Authority Action

Motion to approve Resolution No. HII-299 for Yolo Family Service Agency in an amount not to exceed \$200,000 for a term not to exceed 20 years for renovations, and an amount not to exceed \$190,000 for a term not to exceed 15 years for refinancing, contingent upon financing terms acceptable to the Authority.

MOTION: Member Buckhorn SECOND: Member LoFaso

AYES: Members: Sousa, Buckhorn, Hansen, Frank, Ortega, LoFaso, Brown
NOES: None
ABSTAINS: None
RECUSE: None

MOTION ADOPTED.

Item #6 **Market Update – Fieldman Rolapp & Associates, Inc.**

Daniel L. Wiles, Fieldman, Rolapp & Associates, Inc., the Authority’s financial advisor, presented a healthcare market update. The update included the Authority’s issuance history, the Authority’s rankings among healthcare bond issuers and the Affordable Care Act’s impact on hospitals, demand for care, and delivery of care.

Attendees: Daniel L. Wiles, Principal, Fieldman, Rolapp & Associates, Inc.

Chairperson Brown asked for public comment; there was none.

Item #7 **HELP II Loan Program 2015 Annual Report**

Rosalind Brewer, Program Manager, presented the 2015 Annual HELP II Loan Program Report, which provided an overview of the HELP II Loan Program and a historical listing of the HELP II portfolio.

Items #8, #9, #10 **Other Business/Public Comment/Adjournment**

Chairperson Brown asked for public comment. Hearing none and with no additional business, the meeting was adjourned at 3:05 P.M.