

MINUTES

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

Alternate Locations for CHFFA Teleconference Participation

Qiu Accountancy Corporation
3580 Wilshire Blvd., Suite 1126
Los Angeles, California 90010

Sablan Medical Clinic/Valley Health Team
927 "O" Street
Firebaugh, California 93622

October 31, 2013 – 1:30 P.M.

Deputy Treasurer Michael Paparian, serving as Chairman, called the meeting to order at 1:35 P.M.

Roll Call

Members Present: Michael Paparian for Bill Lockyer, State Treasurer
Ruth Holton-Hodson for John Chiang, State Controller
Eriana Ortega for Michael Cohen, Director of Finance
Samuel Qiu via Teleconference
Dr. Oscar Sablan via Teleconference
Judith Frank
Ann Madden Rice
Jack Buckhorn

Member Absent: Jay Hansen

Chairman Paparian declared a quorum present.

Approval of the Minutes from the August 29, 2013 and the September 26, 2013 Meetings

Mr. Buckhorn moved approval of the August 29, 2013 meeting minutes and Ms. Holton-Hodson seconded the motion. The motion was adopted with an 8-Aye roll call vote.

Chairman Paparian reported there was no quorum at the September 26, 2013 meeting; therefore, no action was taken.

Executive Director's Report

CHFFA Fund Balances and Comprehensive Debt List Summaries

Barbara Liebert, Executive Director, submitted four months of fund balances, for the record, as of June 30, 2013, July 31st, August 31st, September 30th, which included the California Health Access Model Program ("CHAMP") fund balance and the Comprehensive Debt List Summary of CHFFA's top 15 borrowers.

Tax Exempt Bond Delegation of Powers Monthly Update

No actions were taken pursuant to the delegation of powers resolution.

HELP II Loan Program Delegation of Powers Monthly Update

No actions were taken pursuant to the delegation of powers resolution.

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

Ms. Liebert reported staff was reviewing the last selected proposals. Staff anticipated the selected proposal(s) would be presented to the Authority members at the next meeting.

Authority Meeting Dates for Calendar Year 2014

Ms. Liebert reported the Authority meeting schedule for calendar year 2014. She further added there may be additional meetings throughout the year associated with the Investment in Mental Health Wellness Grant Program.

Ms. Liebert introduced CHFFA's newest addition to staff, Office Technician, Angie Hernandez.

Chairman Paparian asked if there were any questions or public comment. There were none.

Item #4

Memorial Health Services ("MHS") Fountain Valley California, Resolution No. 394

Paul Dulai, staff analyst, reported MHS requested the Authority approve an amount not to exceed \$100,000,000 for a term not to exceed 40 years. Bond proceeds would be used for tenant improvements, exterior upgrades at the Fountain Valley City Center facility, land and parking lot improvements at the Slater Avenue facility, and for the purchase of hospital equipment. Also, MHS would reimburse itself for eligible costs related to the projects.

Representing MHS: Peter Mackler, Executive Director, Government Relations and Policy; Rick Graniere, Chief Financial Officer; Jonathan Ma, Morgan Stanley, Underwriter; John Badwick, Morgan Stanley, Underwriter; and Michele Dulik, Sidley Austin LLP, Bond Counsel.

Mr. Dulai reported corrections to the distributed allocation amounts on page two of the staff report and the corrected page was handed out to Authority members.

Staff recommended approval of Resolution No. 394 for Memorial Health Services in an amount not to exceed \$100,000,000 subject to the conditions in the resolution, including a bond rating of at least investment grade by a nationally recognized rating agency. Macias Gini & O'Connell, LLP, the Authority's financial analyst, and Fieldman, Rolapp & Associates, Inc., the Authority's financial advisor, concurred with the Authority's staff recommendation.

Dr. Sablan inquired of the type of medical equipment to be purchased. A discussion ensued.

Chairman Papanian asked if there were any questions or public comment. Hearing none, Ms. Holton-Hodson moved approval of Resolution No. 394 and Mr. Buckhorn seconded the motion. The motion was adopted with an 8-Aye roll call vote.

Item #5

**Operation Samahan, Inc. (“OS”)
National City, California, Resolution No. HII-283**

Bianca Smith, staff analyst, reported OS requested approval of two HELP II loans in an amount not to exceed \$222,000 to finance the renovation of an existing facility located at 2835 Highland Avenue, National City to accommodate the growing number of prenatal patients and to increase capacity for its intended pediatric care program. In addition, OS plans to use some of the loan proceeds to equip the remodeled space.

Representing OS: Joel H. San Juan, Chief Executive Officer.

Staff recommended approval of Resolution No. HII-283 for Operation Samahan, Inc. for two loans totaling an amount not to exceed \$222,000 for a term not to exceed five years for equipment and 15 years for renovation, subject to conditions in the resolution. Macias Gini & O’Connell, LLP, the Authority’s financial analyst, concurred with the Authority’s staff recommendations.

Mr. San Juan informed the Authority members that OS was celebrating a 40 year anniversary of providing health care services to the underserved population in South San Diego.

Dr. Sablan inquired if the facility is a Federally Qualified Health Center (“FQHC”). Mr. San Juan replied that OS is a FQHC look-alike but they are applying to become an FQHC.

Dr. Sablan also inquired if the facility had medical students. Mr. San Juan replied that OS did not have medical students but student residents, thanks to a special arrangement with Scripps Hospital, Chula Vista, which has a resident program for community health in specialty health prenatal gynecology and surgical services.

Ms. Holton-Hodson inquired how OS anticipated the implementation of The Affordable Care Act (“ACA”) to help the bottom line and whether OS was involved in getting people enrolled.

Mr. San Juan replied that OS participates in Covered California and has approximately 12-15 staff members that are credentialed for enrollment. Mr. San Juan added that he believed the percentage of uninsured will decrease with the implementation of the ACA, but there would still be a high influx of needy members who would not qualify through the ACA.

Chairman Paparian asked if there were any questions or public comment. Hearing none, Ms. Ortega moved approval of Resolution No. HII-283 and Ms. Holton-Hodson seconded the motion. The motion was adopted with an 8-Aye roll call vote.

Agenda items were taken out of order to accommodate Authority members.

Item #8 **Amendment to Resolution No. 2013-02,
Master Delegation Resolution For Bond Financings.
Amendment to the Resolution of the California Health Facilities Financing Authority
Delegating Certain Powers and Authorizing Certain Actions Related to Bond Financings**

Rosalind Brewer, Deputy Executive Director reported on this item to the Authority. The Authority approved, at its January 31, 2013 meeting, a delegation resolution effective for two years, expiring on January 31, 2015 for the tax-exempt bond program. Ms. Brewer requested an amendment to the master delegation resolution concerning “Pre-Closing Modifications.” Pre-Closing Modifications allow the Executive Director to permit non-material adjustments to bond documents following Authority approval but before bond closings.

Staff recommended approval of an Amendment to Resolution No. 2013-02 to add the “Pre-Closing Modifications.”

Chairman Paparian asked if there were any questions or public comment. Hearing none, Ms. Holton-Hodson moved approval of Amendment to Resolution No. 2013-02 and Ms. Ortega seconded the motion. The motion was adopted with an 8-Aye roll call vote.

Item #6 **Resolution No. 2013-04
Resolution of the California Health Facilities
Financing Authority Relating to the Approval of an Interagency Agreement
with the State Treasurer’s Office for Fiscal Year 2013-14 in the amount of \$283,945**

Brock Lewis, staff analyst, reported the Authority enter into an Interagency Agreement with the State Treasurer’s Office for Fiscal Year 2013-14 to support operations of the Authority. The proposed contract amount is \$283,945 for fiscal year 2013/2014, reflecting a decrease of 5.6% from the prior year.

Staff recommended approval of the proposed Interagency Agreement.

Chairman Paparian asked if there were any questions or public comment. Hearing none, Mr. Buckhorn moved approval of Resolution No. 2013-04 and Ms. Holton-Hodson seconded the motion. The motion was adopted with an 8-Aye roll call vote.

Ann Madden Rice left the meeting at 2:47 P.M.

Resolution of the California Health Facilities Financing Authority Approving the Adoption of Regulations and Authorizing Emergency Rulemaking Proceedings for the Investment in Mental Health Wellness Act of 2013

Staff requested approval from the Authority to submit emergency regulations and four associated forms for the Investment in Mental Health Wellness Act of 2013 to the Office of Administrative Law (“OAL”). The staff report summarized the essential features of the proposed grant program. After approval by the Authority, the final proposed emergency regulations would be posted on the Authority’s website and staff would circulate the proposed emergency regulations to all individuals and entities who have signed up to receive automatic notifications from the Authority. Five working days after doing so, the proposed emergency regulations would be filed with OAL for review and approval.

Public comments were received from: Diane VanMaren, Policy Consultant to Senator Darrell Steinberg; Sheree Kruckenberg, M.P.A., Vice President, Center for Behavioral Health, California Hospital Association; Kirsten Barlow, M.S.W., Associate Director, Legislation and Public Policy of the California Mental Health Directors Association; and Martha Guerrero, of West Sacramento.

After Authority discussion and public comments, the sections of the Text of Regulations below were changed by eliminating text and adding text.

Section 7115. Eligible Project Costs.

(1) Information technology hardware and software, not to exceed ~~a total Project cost of #10,000.~~ 1% of total Project costs except when approved by the Authority and only upon submission of justification that the additional information technology costs are necessary for the Project to achieve the desired goals and outcomes set forth in Section 7119.

Section 7119. Evaluation Criteria.

(3) Identifies Key Outcomes and a Plan for Measuring Them. (Maximum 20 points)

(ii) Reduced hospital emergency room and psychiatric inpatient utilization. (Maximum ~~2~~3 points)

(iii) Reduced law enforcement ~~time spent~~involvement on mental health crisis calls, contacts, custodies and/or transports for assessment. (Maximum 3 points)

(iv) Improvements in participation rates by consumers in outpatient mental health services, and case management services, ~~including~~and more placements by outreach workers. (Maximum 2 points)

(viii) The value of the Program(s), such as mitigation of costs to the county, law enforcement, or hospitals. An example of such value is: The utilization of Crisis Residential Treatment costs “X” dollars and utilization of inpatient hospitalization would have cost “X” dollars, therefore value approximates “X” dollars. (Maximum ~~23~~ points)

(ix) The percent of individuals who receive a crisis service who, within 15 days, and within 30 days, ~~present~~return for crisis services at a hospital emergency department, psychiatric hospital or jail. (Maximum 2 points)

~~Consumer outcome data measuring the symptoms the consumer presents with upon receiving a crisis service and measured again prior to release from the crisis service. (Maximum 2 points)~~

~~(F) — Certainty of Medi-Cal certification of Crisis Residential Treatment, if any is proposed:~~(F) For proposed Crisis Stabilization or Crisis Residential Treatment Programs, Application demonstrates certainty of Medi-Cal certification, and for proposed Crisis Residential Treatment Programs, Application demonstrates certainty of state licensure.
(Required, but no points awarded)

(i) Includes discussion of how service provider will cooperate and comply with Community Residential Treatment Services Program certification process and any related certification process for any Crisis Stabilization Program proposed.

~~(ii) — Includes~~(ii) For proposed Crisis Residential Treatment Programs, includes confirmation that structured day and evening services will be available seven days a week, and services will include individual and group counseling; crisis intervention; planned activities; counseling, with available members of the consumer’s family, when indicated in the consumer’s treatment or rehabilitation plan; the development of community support systems for consumers to maximize their utilization of non-mental health community resources; pre-vocational or vocational counseling; consumer advocacy, including assisting consumers to develop their own advocacy skills; an activity program that encourages socialization within the program and general community, and which links the consumer to resources which are available after leaving the program; and use of the residential environment to assist consumers in the acquisition, testing, or refinement of community living and interpersonal skills.

Section 7120. Initial Allocation.

(e) During any funding round, Initial Allocations shall be limited to Applications ~~shall score which receive~~ a minimum of 70 points under Section 7119 ~~to be considered for an Initial Allocation.~~

(f) Following Initial Allocations made pursuant to subsection (e), Initial Allocations may be considered for Applications scoring less than 70 points to ~~fund more Grants, control Project costs, or~~ achieve the statewide objectives of a minimum of 2,000 Crisis Stabilization and Crisis Residential Treatment beds and 25 Mobile Crisis Support Teams.

Mr. Buckhorn moved approval as amended of Resolution No. 2013-05 and Ms. Holton-Hodson seconded the motion. The motion was adopted with a 7-Aye roll call vote.

Item #9

Other Business

Chairman Paparian asked for public comment. Hearing none and with no additional business, the meeting was adjourned at 4:29 P.M.