

MINUTES

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

August 28, 2014 – 1:30 P.M.

Deputy Treasurer Bettina Redway, serving as Chairperson, called the meeting to order at 1:33 P.M.

Roll Call

Members Present: Bettina Redway for Bill Lockyer, State Treasurer
Barbara Liebert for John Chiang, State Controller
Eraina Ortega for Michael Cohen, Director of Finance
Jack Buckhorn
Judith Frank
Jay Hansen

Members Absent: Pedro Reyes
Ann Madden Rice
Dr. Oscar Sablan

Chairperson Redway declared a quorum present.

Approval of the Minutes from the July 31, 2014 meeting (Action Item)

Ms. Ortega moved approval of the July 31, 2014 meeting minutes, Mr. Hansen seconded the motion. The motion was adopted with a 6-aye vote.

Executive Director's Report (Information Item)

Ronald Washington, Executive Director, reported the CHFFA Fund Balances and the Comprehensive Debt List Summaries for the record.

Tax-Exempt Bond Delegation of Powers Monthly Update

A staff report regarding the execution of a Bond Trustee Direction Notice for the Hospital of Good Samaritan 1991 Series A Revenue Bonds was provided to Authority members.

HELP II Loan Program Delegation of Powers Monthly Update

Mr. Washington provided an overview of eight Delegation of Powers for the HELP II Loan Program completed over the course of the year with CHFFA's compliance officer, Margrit Lockett. There were a variety of items, including name changes, a merger and a bankruptcy. Ms. Lockett researched and worked with STO staff counsel to complete the necessary steps to accomplish these changes.

California Health Access Model Program (CHAMP) Update

Mr. Washington reported San Francisco Health Plan was awarded \$1,426,089 under the grant program and an initial disbursement in the amount of \$356,522.25, representing 25% of the awarded amount was advanced on July 16, 2014. San Francisco Health Plan submitted its six month status report.

Ms. Liebert suggested a follow-up site visit once the program was fully implemented.

Investment in Mental Health Wellness Grant Program Update

Mr. Washington reported the analysts were evaluating the first round grantees readiness determination. Most of the grant agreements have been signed or in the process of being signed. Due to the counties' processes, grantees were delayed in completing a variety of matters.

Mr. Buckhorn suggested a webinar would be helpful for the counties to address any common issues the counties were experiencing.

Mr. Washington replied some of the issues were common; however, each county has very different processes.

Ms. Liebert asked about the status of the regulations.

Mr. Washington responded the permanent regulations were in place and on file.

Ms. Frank recused herself from agenda item #4 due to her consulting work with Los Angeles County.

Item #4 Investment in Mental Health Wellness Act of 2013, County of Santa Clara, Amendment to Resolution No. MH 2014-19 (Action Item)

Brock Lewis, staff analyst, reported the County of Santa Clara ("SC") asked to amend the project description to change the location of the Crisis Stabilization ("CS") Program from South County to East San Jose. After SC received its Final Allocation, SC learned the identified property in South County would not meet zoning requirements for the new outpatient program. SC did not anticipate a major delay in the projected timeline for program implementation.

Representing County of Santa Clara via telephone: Nancy Pena, Director, and Jeanne Moral, of Santa Clara Valley Health and Hospital System.

Staff recommended the Authority approve the Amendment to Resolution No. MH 2014-19 to revise the project description allowing Santa Clara County to use Grant funds for a Crisis Stabilization Program in East San Jose rather than South County.

Chairperson Redway asked if there were any questions or public comment. Hearing none, Mr. Buckhorn moved approval of the Amendment to Resolution No. MH 2014-19, Ms. Liebert seconded the motion. The motion was adopted with a 5-aye vote.

Item #5 **Progress House, Inc. (“PH”), El Dorado, California, Amendment to Resolution No. HII-209 (Action Item)**

Margrit Lockett, staff analyst, reported Progress House requested a loan modification of its HELP II Loan because of financial hardship. The loan modification would include interest only payments for one year beginning April 1, 2014 through March 1, 2015. In addition, the term of the loan would be extended by one year with a new maturity date of March 1, 2024. The loan modification would reduce the monthly payments from \$3,869.33 to \$914.57 for a cash flow savings of \$2,954.76 per month.

Representing Progress House, Inc.: Barbara Vermilyea, Executive Director.

Staff recommended the Authority approve the Amendment to Resolution No. HII-209 to allow a loan modification subject to certain conditions. Macias, Gini and O’Connell, LLP, the Authority’s financial analyst concurred with the Authority’s staff recommendation.

Mr. Hansen asked about the types of services PH provided.

Ms. Vermilyea provided an overview of PH’s services.

Mr. Hansen asked if the El Dorado County contract was finalized.

Ms. Vermilyea replied the contract had been signed by PH and returned to the county. PH anticipated the contract to be effective by September 15, 2014.

Mr. Buckhorn asked what changes were made to bring PH back to a stable financial footing.

Ms. Vermilyea replied PH reviewed food purchases, worked within the budget and received assistance on utility bills.

Mr. Hansen asked about the management issues.

Ms. Vermilyea explained the reasons for the financial and management difficulties. Ms. Vermiyea provided a brief update and overview on what steps were taken to control costs and to re-acquire the El Dorado County contract.

Chairperson Redway asked if there were any questions or public comment. Hearing none, Mr. Hansen moved approval of the Amendment to Resolution No. HII-209, Ms. Ortega seconded the motion. The motion was adopted with a 6-aye vote.

Items #6, 7, and 8 **Other Business/Public Comment/Adjournment**

Chairperson Redway asked for public comment. Hearing none and with no additional business, the meeting was adjourned at 2:11 P.M.