

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

December 7, 2017 - 2:00 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

OPEN SESSION

Deputy Treasurer, Vincent P. Brown, serving as Chairperson, called the meeting to order at 2:05 P.M.

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.

Item #1

ROLL CALL

Members Present: Vincent P. Brown for John Chiang, Chairperson, State Treasurer
Alan LoFaso for Betty T. Yee, Vice Chairperson, State Controller
Jacqueline Wong-Hernandez for Michael Cohen, Director, Dept. of Finance
Judith Frank
Jay Hansen
Oscar Sablan, M.D.
Jack Buckhorn
Sumi Sousa - via teleconference

Member Absent: Robert Cherry, M.D.

Chairperson Brown declared a quorum present.

Item #2

**Approval of the Minutes from the September 28, 2017
and the October 26, 2017 Meetings**

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

Authority Action

Motion to approve the minutes from the September 28, 2017 and the October 26, 2017 meetings.

MOTION: Member Sousa SECOND: Member Sablan

AYES: Members: Sousa, Buckhorn, Sablan, Hansen, Frank, Wong-Hernandez, LoFaso, Brown

NOES: NONE

ABSTAIN: .. NONE

RECUSE: NONE

MOTION ADOPTED.

Item #3

Executive Director's Report

Ronald Washington, Executive Director, reported briefly on the federal tax bill. There was an uptick in the month of December with bond financings and the potential impacts of the private activity or advanced refunding tax cuts. Numerous projects were expedited before the close of the calendar year.

Ms. Frank asked fellow board members to describe a private activity bond and the impact it would have on both federal and state tax.

Chairperson Brown described a private activity bond. The impact was unclear if private activity bonds were to go away but the impact would be felt by the conduit financings from agencies within the State Treasurer's Office, including those for educational, health, and pollution control issuances. It would definitely be a negative impact. The issues were being monitored and the Treasurer's Office was preparing for different scenarios.

Mr. Washington introduced CHFFA's newest staff analyst, Cory Mouhasseb and stated that he started on December 1, 2017 and came from Bank of America. Mr. Mouhasseb graduated from California State University, Sacramento.

CHFFA Fund Balances and Comprehensive Debt List Summaries

Mr. Washington reported the CHFFA fund balances, and the outstanding debt information as of October 31, 2017 had very little change from last month.

Tax-Exempt Bonds Delegation of Powers Monthly Update

Providence Health & Services (the "Corporation") Series 2008C and Series 2014A – Notice of Defeasance. Mr. Washington reported a Notice of Defeasance. The Corporation sold bonds in 2008 and purchased property. The property was later sold and the bonds related to that property needed to be defeased. The Executive Director signed the document on October 25, 2017.

Mr. Washington reported on the summary of delegations for the Bonds and the HELP II Loan Program for January 1, 2017 to December 31, 2017. The bonds and HELP II loans listed on the reports were executed by the Executive Director.

Chairperson Brown requested that CHFFA staff revisit the actual policy of the Delegation of Powers at the January board meeting.

HELP II Loan Program Delegation of Powers Monthly Update

No action was taken pursuant to the HELP II Loan Program Delegation of Powers Resolution.

Investment in Mental Health Wellness Grant Program Quarterly Milestones

Mr. Washington reported the quarterly milestones for the Investment in Mental Health Wellness Grant Program. The quarterly report describes by funding round the extensions of the grantees that were approved by the board.

Site Visits

Mr. Washington reported due to the length of the agenda and staff's heavy workload, Los Angeles County, the Emergency HELP Program, the Lifeline Grant Program and two site visits will be presented in January.

Chairperson Brown asked if there were any questions or public comment.

Ms. Frank recused herself from agenda #4 due to her owning stock in Wells Fargo Bank.

Mr. Washington stated that Kaiser was awarded the Bond Buyer 16th Annual Deal of the Year Award.

Item #4 **Kaiser Foundation Hospitals (“Kaiser”), Oakland, California**
Amendment to Resolution No. 425

Brock Lewis, staff analyst, presented. Kaiser requested Authority approval for a supplement and amendment to Resolution No. 425, to include additional project sites and issue additional bonds in an amount not to exceed \$2,250,000,000. Mr. Lewis noted Resolution No. 425 was previously approved on March 23, 2017. Redwood City Medical Center and Medical Offices and Los Gatos Medical Offices were removed from the additional project sites’ list as they were not able to complete the CEQA process prior to the board meeting. Bond proceeds would be used to finance and/or reimburse costs of construction, expansion, remodeling, renovation, furnishing, and equipping of certain health facilities owned and operated by Kaiser Health Foundations.

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

Authority Action

Motion to approve the supplement and amendment to Resolution No. 425, to include additional project sites and issue additional bonds in an amount not to exceed \$2,250,000,000 for Kaiser Foundation Hospitals, subject to the conditions in the resolution.

MOTION: Member Sousa SECOND: Member Hansen

AYES: Members: Sousa, Buckhorn, Sablan, Hansen, Wong-Hernandez, LoFaso, Brown

NOES: NONE

ABSTAIN:.. NONE

RECUSE: Member Frank

MOTION ADOPTED.

Item #5 **Stanford Health Care (“SHC”), Stanford, California, Resolution No. 430**

Brock Lewis, staff analyst, presented. SHC requested Authority approval of revenue bonds in an amount not to exceed \$575,000,000. Bond proceeds would be used to refinance the costs of acquisition, construction, renovation, expansion, and equipping portions of its acute care hospital facilities, and related health care facilities, including facilities previously refinanced by the CHFFA 2010 Refunding Revenue Bonds Series A&B, as well as the CHFFA 2008 Refunding Revenue Bonds Series A-1, A-2, & A-3.

Attendees: Thomas Malm, Treasurer, Stanford Health Care and John Landers, Managing Director, Morgan Stanley.

Mr. Hansen inquired about the percentage of SHC’s patients were served through Medi-Cal. A brief discussion ensued about how the percentage of Medi-Cal patients could be better displayed on staff reports for board members.

Dr. Sablan asked if SHC’s Medi-Cal patients were restricted to those in its immediate area.

Mr. Malm replied he didn’t think SHC restricted Medi-Cal patients, but he would follow-up after the meeting.

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

Authority Action

Motion to approve Resolution No. 430 in an amount not to exceed \$575,000,000 for Stanford Health Care, subject to the conditions in the resolution.

MOTION: Member LoFaso SECOND: Member Sablan

AYES: Members: Sousa, Buckhorn, Sablan, Hansen, Frank, Wong-Hernandez, LoFaso, Brown
NOES: NONE
ABSTAIN:.. NONE
RECUSE: NONE

MOTION ADOPTED.

Item #6 Providence Health & Services, Renton, Washington, Resolution No. 431

Providence Health & Services was removed from the agenda.

Item # 7 Contra Costa ARC (“CCARC”), Martinez, California, Resolution No. HII-308

Brock Lewis, staff analyst, presented. CCARC requested Authority approval of loan proceeds in an amount not to exceed \$1,200,000 to finance the purchase of a commercial property to provide office space for administration and for the expansion of the ARC University training program.

Attendees: Carol McCrary, Co-Executive Director and Jane Harris, Accounting Management, Contra Costa ARC.

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

Authority Action

Motion to approve Resolution No. HII-308 to finance the purchase of commercial property in an amount not to exceed \$1,200,000 for Contra Costa ARC, subject to the conditions in the resolution.

MOTION: Member LoFaso SECOND: Member Frank

AYES: Members: Sousa, Buckhorn, Sablan, Hansen, Frank, Wong-Hernandez, LoFaso, Brown
NOES: NONE
ABSTAIN:.. NONE
RECUSE: NONE

MOTION ADOPTED.

Item #8 Glenn Medical Center, Willows, California, Resolution No. HII-309

Glenn Medical Center was removed from the agenda.

Attendees: Betsy Swenerton, Capital Planning & Project Manager, County of Marin.

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

Authority Action

Motion to approve an amendment to Resolution No. MH 2016-04 to amend the milestone conditions as outlined in the resolution and to extend the resolution and grant period expiration date to April 30, 2019.

MOTION: Member Sablan SECOND: Member Hansen

AYES: Members: Sousa, Buckhorn, Sablan, Hansen, Frank, Wong-Hernandez, LoFaso, Brown

NOES: NONE

ABSTAIN: .. NONE

RECUSE: NONE

MOTION ADOPTED.

Ms. Sousa left the Authority meeting at 2:56 P.M.

County of Santa Clara

The Authority approved a grant for the County of Santa Clara (“Santa Clara”) in an amount not to exceed \$3,963,106 for two 15-bed CRT programs and \$736,842.11 for one 8-bed CSU program for a total grant amount not to exceed \$4,699,948 in April of 2014. All three projects were fully constructed. The CSU program had not yet opened due to difficulty securing the necessary staff for a 24-hour operation. To ensure the project is operational before the resolution and grant period expiration date, Santa Clara requested an extension to April 30, 2018 and amendment of its milestone conditions as outlined in the resolution.

Attendees: Via telephone: Margaret Obligor, Behavioral Health Division Director, and Jeanne Moral, Senior Health Care Program, County of Santa Clara.

Chairperson Brown asked Ms. Obligor how optimistic was it securing staff within this time frame.

Ms. Obligor responded the county was confident with the timeframe.

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

Authority Action

Motion to approve an amendment to Resolution No. MH 2014-19 to amend the milestone conditions as outlined in the resolution and to extend the resolution and grant period expiration date to April 30, 2018.

MOTION: Member LoFaso SECOND: Member Wong-Hernandez

AYES: Members: Buckhorn, Sablan, Hansen, Frank, Wong-Hernandez, LoFaso, Brown

NOES: NONE

ABSTAIN: .. NONE

RECUSE: NONE

MOTION ADOPTED.

Item #12

Investment in Mental Health Wellness Act of 2013 and Peer Respite Care Grant Program, Amendments to Resolution Nos. MH 2016-05 (Merced County–Fifth Funding Round), MH 2016-06 (Napa County – Fifth Funding Round), MH 2016-11 (San Mateo County–Fifth Funding Round), MH 2016-13 (Santa Cruz County–Fifth Funding Round) and PR 2016-03 (Sonoma County)

Susie Lauck, staff analyst, presented. Counties of Merced, Napa, San Mateo, Santa Cruz and Sonoma requested Authority approval of amendments to Resolution Numbers MH 2016-05, MH 2016-06, MH 2016-11, and MH 2016-13, which were approved in the fifth funding round and PR 2016-03, which was approved in the Peer Respite Care funding round to extend the resolution and grant period expiration dates.

County of Merced

The Authority approved a grant for the County of Merced (“Merced”) in an amount not to exceed \$1,089,000 for a 4-bed youth crisis stabilization unit (“CSU”) and a 4-bed CSU for adults in May of 2016. The renovation was delayed due to Merced not beginning renovation of the facility to be used for the CSU until its first and second funding round grant project (16-bed CRT facility) was complete.

Merced would house the CSU expansion in a county owned building needing renovation. Renovation was delayed due to current tenants being unable to vacate because the building in which the tenants need to move into (the building where the 16 bed facility will be housed) was still under construction.

Attendee: Yvonnia Brown, Behavioral Health and Recovery Service Director, County of Merced.

Ms. Frank was concerned the four year extension time frame was too long.

Yvonnia Brown stated that the 2021 deadline was conservative and that Merced was committed to June 30, 2019 for the CSU to be operational.

Mr. LoFaso amended a milestone condition for the CSU to be operational by November 30, 2018 and requested that the resolution expiration date be amended to December 31, 2019.

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

Authority Action

Motion to approve an amendment to Resolution No. MH 2016-05 to extend the resolution and grant period expiration date to December 31, 2019, subject to meeting the following updated milestone conditions: The County must provide evidence acceptable to Authority staff demonstrating (a) the start of construction of the CSU by November 30, 2018, and (b) the CSU shall be operational by May 31, 2019. Funds shall not be disbursed if the County is unable to provide evidence acceptable to Authority staff that the CSU project is on track to be operational on or before May 31, 2019. The County must submit all grant disbursement requests for the CSU program, including supporting documentation, to the Authority no later than November 30, 2019.

MOTION: Member LoFaso SECOND: Member Hansen

AYES: Members: Buckhorn, Sablan, Hansen, Frank, Wong-Hernandez, LoFaso, Brown
NOES: NONE
ABSTAIN: ... NONE
RECUSE: NONE

MOTION ADOPTED.

County of Napa

The Authority approved a grant for the County of Napa (“Napa”) in an amount not to exceed \$2,152,701 for four new beds by expanding its current 8-bed crisis residential treatment (“CRT”) program to a total of 12-beds in May of 2016. Napa temporarily halted the search for property due to the wildfires, and the fires had caused a decline in the surging housing market making it challenging to secure a site.

Attendee: Felix Bedolla, Project Manager, County of Napa.

Mr. Buckhorn requested an update on property acquisition sooner than indicated in the milestone conditions.

Chairperson Brown requested progress reports by the end of the 2018 on property acquisition.

Mr. LoFaso requested two progress reports – one on June 30, 2018 and another on September 30, 2018 regarding property acquisition. The progress reports were to be submitted to the Executive Director.

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

Mr. Hansen briefly left the Authority meeting before action was taken on the County of Napa but did return, however Authority members had already voted on the County of Napa.

Authority Action

Motion to approve an amendment to Resolution No. MH 2016-06 to extend the resolution and grant period expiration date to December 31, 2020, subject to meeting the milestone conditions as outlined in the resolution.

MOTION: Member LoFaso SECOND: Member Frank

AYES: Members: Buckhorn, Sablan, Frank, Wong-Hernandez, LoFaso, Brown

NOES: NONE

ABSTAIN: .. NONE

RECUSE: NONE

MOTION ADOPTED.

County of San Mateo

The Authority approved a grant for the County of San Mateo (“San Mateo”) in an amount not to exceed \$966,642 for a 13-bed crisis residential treatment (“CRT”) program, Serenity House in May of 2016. The renovation of the county owned CRT property was 60% complete. During the process of renovation, a multitude of unforeseen construction delays occurred due to the age of the property.

Attendee: Pernille Gutschick, Clinical Service Manager, County of San Mateo.

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

Authority Action

Motion to approve an amendment to Resolution No. MH 2016-11 to extend the resolution and grant period expiration date to December 31, 2018, subject to meeting the milestone conditions as outlined in the resolution.

MOTION: Member Hansen SECOND: Member Buckhorn

AYES: Members: Buckhorn, Sablan, Hansen, Frank, Wong-Hernandez, LoFaso, Brown
NOES: NONE
ABSTAIN:.. NONE
RECUSE: NONE

MOTION ADOPTED.

County of Sonoma

The Authority approved a grant for the County of Sonoma (“Sonoma”) not to exceed \$750,000 to develop a new 6-bed Peer Respite Care (“PRC”) program in May of 2016. Progress Foundation the County’s designated non-profit service provider experienced a delay in their search for property due to negotiation delays and identifying a suitable property, in part because of the recent wild fires in Sonoma County.

Attendee: Michael Kennedy, Behavioral Health Director.

Mr. Buckhorn expressed his concern for the limitation of finding suitable property in Sonoma due to the fire damage and Sonoma’s need for the additional timeframe recommended by Authority staff.

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

Authority Action

Motion to approve an amendment to Resolution No. MH 2016-13 to extend the resolution and grant period expiration date to December 31, 2021, subject to meeting the milestone conditions outlined in the resolution.

MOTION: Member LoFaso SECOND: Member Hansen

AYES: Members: Buckhorn, Sablan, Hansen, Frank, Wong-Hernandez, LoFaso, Brown
NOES: NONE
ABSTAIN:.. NONE
RECUSE: NONE

MOTION ADOPTED.

County of Santa Cruz

The Authority approved a grant for the County of Santa Cruz (“Santa Cruz”) not to exceed \$247,092 to expand capacity of its existing crisis stabilization unit (“CSU”) and Mobile Crisis Support Team (“MCST”). Santa Cruz had completed its CSU and MCST projects and had begun providing services. Santa Cruz needs additional time to provide the necessary documents and receive reimbursement of grant funds.

Attendee: Erik G. Riera, Director, Behavioral Health; Pam Rogers-Wyman, Director, Adult Services, and Siobhan Kelley, Assistant County Counsel, County of Santa Cruz.

MOTION: Member Hansen

SECOND: Member LoFaso

AYES: Members: Buckhorn, Sablan, Hansen, Frank, Wong-Hernandez, LoFaso, Brown

NOES: NONE

ABSTAIN: .. NONE

RECUSE: NONE

MOTION ADOPTED.

Mr. Hansen left the Authority meeting at 3:45 P.M.

Item #14

Peer Respite Care Grant Program

Second Amendment to Resolution No. PR 2016-02 (Santa Cruz County – Fifth Funding Round)

Carolyn Aboubechara, Grants Manager presented and introduced representatives for Santa Cruz County. The Authority approved a grant for the County of Santa Cruz (“Santa Cruz”) in an amount not to exceed \$1,126,828 to expand Santa Cruz’s existing Peer Respite Care (“PRC”) program from six to eight beds in May of 2016. Santa Cruz was awarded funding to purchase and renovate a property along with a designated service provider, Encompass. Encompass was able to purchase property and begin providing services for a total of six beds in July of 2017 and was working with Santa Cruz on the expansion to eight beds. Santa Cruz shared with the Authority that local opposition arose against the PRC program and that it engaged with the community but concluded there would be no support to expand the program to eight beds at the current facility. Santa Cruz requested the Authority extend its resolution and grant period expiration date and amend the project description to allow Santa Cruz the flexibility to use the grant funds at one or more sites.

Attendees: Erik G. Riera, Director, Behavioral Health; Pam Rogers-Wyman, Director, Adult Services, and Siobhan Kelley, Assistant County Counsel, County of Santa Cruz County.

Chairperson Brown asked if there were any additional questions or public comment. There were a number of public comments made.

Donald B. Mooney, Attorney at Law, presented a letter of opposition for the amendment of project description and granting an extension to meet the terms of Grant Agreement No. PR SCRZ-01A (Resolution No. PR 2016-02, Peer Respite Care Grant Program-Santa Cruz County) – representing Citizens for Transparent and Accountable Government, an unincorporated citizen group in the County of Santa Cruz, California. Mr. Mooney requested that the meeting be postponed to the next meeting to address legal issues that he mentioned.

Deborah Yang, Senior Attorney to the Authority, responded to two points raised by Mr. Mooney. Firstly, the Peer Respite Care program emergency regulations were made permanent. The Authority chose to not pursue permanent regulations because it would not have any further funding rounds. The second item raised was regarding the Authority’s inability to extend grant periods. Ms. Yang shared that the authority to extend a grant period date and amend the project description is spelled out in the grant agreement.

Opposition to the Santa Cruz County Grant Extension: Ivaylo Datchez, Aptos, CA; Tony Crane, Aptos, CA; and Mueller Giesen, Aptos, CA. Each individual was given time to address each of their issues.

Authority members engaged in a number of questions and answers, and some discussion with representatives from Santa Cruz County and the public.

Chairperson Brown stated the Authority is allowing Santa Cruz to return to the Authority board substantiating their extension request. Chairperson Brown also stated that the best approach or plan for Santa Cruz is to come back to the Board and provide a report detailing their specific plan and/or proposal to expand from six to eight beds

Mr. Buckhorn stated that individuals' comments needed to be made to the Board of Supervisors in Santa Cruz County. He continued that the Board of Supervisors has the ability to make changes and that is where the discussions needed to take place. Mr. Buckhorn supported the extension and stated that this discussions should take place in the right venue.

Authority Action

Motion to approve a second amendment to Resolution No. PR 2016-02 to allow the County to use the grant funds for one or more project sites and to extend the resolution and grant period expiration date to December 31, ~~2020~~ 2018 with the condition that Santa Cruz meets the milestone conditions as outlined in the resolution.

MOTION: Member Buckhorn SECOND: Member Frank

AYES: Members: Buckhorn, Sablan, Frank, Wong-Hernandez, LoFaso, Brown

NOES: NONE

ABSTAIN:.. NONE

RECUSE: NONE

MOTION ADOPTED.

**Item #15 Investment in Mental Health Wellness Act of 2013 and Peer Respite Care
Grant Program, Resolution No. 2017-07**

Deferred to January's Authority meeting.

Items #16, #17, #18 Other Business, Public Comment, Adjournment

Chairperson Brown asked for public comment.

Michael Hemlick, an advocate for the California Health Care Advocates, represented Community Health Centers and Clinics. He commented that the federal funding cuts that occurred in September affected 31 health centers. He stated that there was a need for the Clinic Lifeline Grant Program and the Emergency HELP Loan Program.

Chairperson Brown stated there was no other business or public comment, the meeting adjourned at 4:26 P.M.