

MINUTES
California Health Facilities Financing Authority
(“CHFFA” or “Authority”)
915 Capitol Mall, Room 587
Sacramento, California 95814
March 13, 2018 – 1:30 P.M.

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 1:31 PM.

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, Department of Finance
Judith N. Frank
Robert Cherry, M.D.
Jack Buckhorn

Members Absent: Jay Hansen
Oscar Sablan, M.D.
Sumi Sousa

Chairperson Brown declared a quorum present.

Item #2

Executive Director’s Report

CHFFA Fund Balances and Comprehensive Debt List Summaries

Removed from agenda to be reported at a following meeting.

Tax-Exempt Bonds Delegation of Powers Monthly Update

No action was taken pursuant to the Tax-Exempt Bond Delegation of Powers Resolution.

HELP II Loan Program Delegation of Powers Monthly Update

Ronald Washington, Executive Director, presented the Delegation of Powers report regarding Family Care Network, Inc., Execution of a Subordination Agreement. Mr. Washington reported that in February 2016, CHFFA approved a HELP II loan in the amount of \$1,300,000 for FCN. FCN had an existing line of credit with JP Morgan Chase Bank (“JP Morgan”), which had priority position ahead of CHFFA’s UCC-1 filing. FCN refinanced the JP Morgan line of credit with Wells Fargo Bank (“Wells Fargo”). Mr. Washington reported Wells Fargo required the first lien position for its UCC-1 filing. FCN requested CHFFA subordinate the HELP II

UCC-1 filing for Wells Fargo's line of credit to maintain the lien position previously held by the JP Morgan line of credit. Subordinating the Authority's UCC-1 filing did not affect the security of the HELP II loan as the value of the property covers the outstanding loan amount. CHFFA's legal counsel reviewed the request for the execution of the Subordination Agreement and confirmed the proposed action fell within CHFFA's HELP II Loan Program's Delegation Resolution No. 2017-02. The Executive Director executed the Subordination Agreement on January 18, 2018. CHFFA's UCC-1 filing remains in the original position held at the time the HELP II loan closed.

Quarterly Milestones Report for the Investment in Mental Health Wellness Grant Program

Mr. Washington mentioned a new blue color shading had been added for Milestone Delegation Extensions on the Investment in Mental Health Wellness Grant Program Quarterly Milestones spreadsheet, which reflects the status of the milestones for the counties listed and is provided to the board on a quarterly basis.

Ms. Frank recused herself from agenda Item #3 due to her owning stock in Wells Fargo Bank.

Item #3 Sutter Health ("Sutter"), Sacramento, California, Resolution No. 432

Brock Lewis, staff analyst, presented. Sutter requested Authority approval to issue additional bonds to finance and reimburse costs associated with the ongoing construction project.

Mr. Lewis mentioned four corrections and updates to the staff report. (1) On page 8, the fourth line under the bullet point was changed to, 16% of Sutter Health system's medical foundation net revenue. (2) On page E-2, Exhibit 2, the Borrower's Financial Advisor was changed from The PFM Group to PFM Financial Advisors, LLC and the Trustee Counsel was changed from To Be Determined to Kutak Rock LLP. (3) On page E-3, Obligated Group Utilization Statistics; Sutter restated the Outpatients Visits numbers for fiscal years 2014, 2015, and 2016, due to the merger of Sutter Pacific Medical Foundation and Sutter East Bay Medical Foundation into the Obligated Group. (4) On page E-6, Sutter East Bay Hospitals merged into Sutter Bay Hospitals on March 1, 2018 and Sutter East Bay Hospitals was no longer an Obligated Group Member.

Mr. Lewis reported the bond proceeds will be used to finance and reimburse costs of construction, expansion, furnishing, and equipping two new replacement hospitals located in San Francisco. Construction is expected to be completed in 2019 and will satisfy the Senate Bill 1953 seismic mandate.

Mr. LoFaso inquired about the annual timing for publishing the Community Benefit Report to Sutter's website.

Mr. Svend Ryge replied that it is typically scheduled to be published by June of each year.

Mr. Buckhorn asked about the decreased number of licensed beds from fiscal year 2014 – 2016.

Mr. Ryge responded that it was likely due to the closing of some specialized psychiatry beds and long-term care beds.

Attendees: Svend Ryge, Vice President and Treasurer and Keri Thomas, Vice President of External Affairs, Sutter Health and John Landers, Managing Director, Morgan Stanley.

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

Authority Action

Motion to approve Resolution No. 432 in an amount not to exceed \$700,000,000 for Sutter Health, subject to the conditions in the resolution.

MOTION: Member Buckhorn SECOND: Member Wong-Hernandez

AYES:.....Members: Buckhorn, Cherry, Wong-Hernandez, LoFaso, Brown

NOES:.....NONE

ABSTAIN:.....NONE

RECUSE:.....Member Frank

MOTION ADOPTED.

Item # 4 Investment in Mental Health Wellness Act of 2013, Third Amendment to Resolution No. MH 2015-05 (County of San Bernardino – Third Funding Round)

Sondra Jacobs, Program Manager, presented. The County of San Bernardino (the “County”) requested Authority approval for a third amendment to Resolution No. MH 2015-05 (third funding round) to amend the milestones and extend the resolution and grant period expiration date from May 31, 2018 to January 31, 2019. Ms. Jacobs reported that the 16-bed CRT is 90% constructed but that the County had experienced slight delays in the final installation of required utilities and needed extra time to obtain licensure. With these slight delays, the County would not be able to meet their second milestone in having the facility fully operational by April 30, 2018.

Attendees: Veronica Kelley, LCSW, Director; Darlynn Wissert, Assistant Director, Project Management Division, Real Estate Services Department; and Georgina Yoshioka Mora, DSW, MBA, LCSW 21815, Deputy Director, 24 Hour & Emergency Services, Department of Behavioral Health.

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

Authority Action

Motion to approve the Third Amendment to Resolution No. MH 2015-05 to amend the milestone conditions as outlined in the resolution and to extend the resolution and grant period expiration date from May 31, 2018 to January 31, 2019.

MOTION: Member LoFaso SECOND: Member Buckhorn

AYES:.....Members: Buckhorn, Cherry, Frank, Wong-Hernandez, LoFaso, Brown

NOES:.....NONE

ABSTAIN:.....NONE

RECUSE:.....NONE

MOTION ADOPTED.

Item #5 Investment in Mental Health Wellness Act of 2013, Second Amendment to Resolution No. MH 2015-09 (County of San Bernardino – Fourth Funding Round)

Sondra Jacobs, Program Manager, presented. The County of San Bernardino (the “County”) requested Authority approval for a second amendment to Resolution No. MH 2015-09 (fourth funding round) to amend the milestones and extend the resolution and grant period expiration date from May 31, 2018 to January 31, 2019. Ms. Jacobs reported that the two facilities, a 16-bed CRT and a 20-bed CSU, were 90% constructed but the County experienced slight delays in the final installation of required utilities, final building inspections, and necessary additional time to obtain licensure. With these expected delays, the County would not be able to meet their second milestone in having the facility fully operational by April 30, 2018.

Attendees: Veronica Kelley, LCSW, Director; Darlynn Wissert, Assistant Director, Project Management Division, Real Estate Services Department; and Georgina Yoshioka Mora, DSW, MBA LCSW 21815, Deputy Director, 24 Hour & Emergency Services, Department of Behavioral Health.

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

Authority Action

Motion to approve Second Amendment to Resolution No. MH 2015-09 to amend the milestones conditions as outlined in the resolution and to extend the resolution and grant period expiration date from May 31, 2018 to January 31, 2019.

MOTION: Member LoFaso SECOND: Member Buckhorn

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

MOTION ADOPTED.

Item #6 Interim Inc., Monterey, California, Resolution No. HII 305A

Interim, Inc. was removed from the agenda.

Items #7, #8, #9 Other Business, Public Comment, Adjournment

Chairperson Brown asked for public comment. Hearing none and with no additional business, the meeting adjourned at 2:24 P.M.