

MINUTES
California Health Facilities Financing Authority
(“CHFFA” or “Authority”)
915 Capitol Mall, Room 587
Sacramento, California 95814
July 26, 2018 – 2:00 P.M.

Public Participation
Call-In Number: (877) 810-9415 and Participant Code: 6535126

OPEN SESSION

Deputy Treasurer, Ruth Holton-Hodson, serving as Chairperson, called the meeting to order at 2:32 PM.

Chairperson Holton-Hodson 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: Ruth Holton-Hodson 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
Oscar Sablan, M.D.
Jack Buckhorn
Sumi Sousa

Members Absent: Judith Frank
Jay Hansen
Robert Cherry, M.D.

Chairperson Holton-Hodson declared a quorum present.

Item #2 **Approval of the Minutes from the June 28, 2018**

Chairperson Holton-Hodson asked if there were any changes, questions or public comment; there were none.

Authority Action

Motion to approve the minutes from the June 28, 2018 meeting.

MOTION: Member Wong-Hernandez SECOND: Member LoFaso

AYES:Members: Sousa, Buckhorn, Sablan, Wong-Hernandez, LoFaso, Holton-Hodson
NOES:NONE
ABSTAIN:NONE
RECUSE:NONE

MOTION ADOPTED.

CHFFA Fund Balances and Comprehensive Debt List Summaries

Ronald Washington, Executive Director, reported the CHFFA fund balances, and the outstanding debt information as of June 30, 2018.

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

Mr. Washington presented the Delegation of Powers report regarding JWCH Institute, Inc. ("JWCH"), execution of written consent to take on additional debt. Mr. Washington reported that in June 2018, JWCH notified CHFFA staff of its intent to borrow \$2,850,000 from Pacific Premier Bank to purchase a facility and requested written consent to take on the additional debt. Mr. Washington reported staff calculated JWCH's FY 2017 pro-forma debt service coverage ratio ("DSCR"), including the additional debt, as 4.38x, which met CHFFA's HELP II loan covenant to maintain a DSCR of at least 1.0x. State Treasurer's Office legal counsel reviewed the request and confirmed the proposed action fell within CHFFA's HELP II Loan Program's Delegation Resolution No. 2017-02. The Executive Director approved the request and issued a written consent on July 3, 2018.

Mr. Washington presented the Delegation of Powers report regarding Valley Village ("Valley"), execution of Subordination of Agreement. Mr. Washington reported that in March 2018, Valley notified CHFFA staff of its intent to renew its line of credit with Wells Fargo Bank, National Association ("Wells Fargo"). Wells Fargo required a first lien position on gross revenues. Mr. Washington reported Valley requested CHFFA subordinate its first lien position on gross revenues to Wells Fargo. Mr. Washington stated that CHFFA would retain its first lien position on the property. Valley's outstanding loan amount was approximately \$160,000 leading to a loan to value ratio of 13%, which was below the maximum ratio of 75% stated in the Delegation Resolution. The debt service coverage ratio remained a solid 5.84x for fiscal year ending June 30, 2017. State Treasurer's Office legal counsel reviewed the request 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 July 3, 2018.

Item #4 Los Angeles Biomedical Research Institute at Harbor-UCLA Medical Center Resolution No. 433

Cory Mouhasseb, staff analyst, presented. The Los Angeles Biomedical Research Institute at Harbor-UCLA Medical Center ("LA BioMed") requested Authority approval to issue bonds in an amount not to exceed \$60,000,000.

Mr. Mouhasseb mentioned one correction in the staff report. On page 7, under Due Diligence, the second bullet point Section 15491.1 should be changed to Section 15459.1.

Mr. Mouhasseb reported the bond proceeds will be used to finance, refinance, and/or reimburse various capital improvements on LA BioMed's campus including the new biological resources center and research tower.

Attendees: Dan Rosenfeld, Chair of the Board of Directors, Tom Plotts, Treasurer of the Board of Directors, former Chief Financial Officer of Los Angeles BioMed, Jim Hansberry, Vice President, Corporate Accounting and Financial Operations and Acting Chief Financial Officer, and David Meyer, Chief Executive Officer via teleconference. Also present: Gerald McGovern, Partner, Norton Rose Fulbright, Bond Counsel and Jeff Israel, Director, Wells Fargo Bank, N.A., Underwriter.

Mr. LoFaso requested additional information regarding the EB-5 loan program.

LA BioMed's management team responded with an explanation of the EB-5 loan program and how the bond proceeds will be used for the EB-5 reserve account funding.

Mr. Buckhorn requested additional information regarding prevailing wages.

LA BioMed's management team confirmed that prevailing wages would be paid in connection with construction projects paid with bond proceeds.

Chairperson Holton-Hodson asked if there were any questions or public comment; there were none.

Authority Action

Motion to approve Resolution No. 433 in an amount not to exceed \$60,000,000 for Los Angeles Biomedical Research Institute at Harbor-UCLA, subject to the conditions in the resolution, including a rating of at least investment grade by a nationally recognized rating agency.

MOTION: Member Sablan

SECOND: Member Wong-Hernandez

AYES:.....Members Sousa, Buckhorn, Sablan, Wong-Hernandez, LoFaso, Holton-Hodson

NOES:.....NONE

ABSTAIN:.....NONE

RECUSE:.....NONE

MOTION ADOPTED.

Item # 5 **CommuniCare Health Centers, Resolution No. HII-314**

Brock Lewis, staff analyst, presented. CommuniCare Health Centers ("CommuniCare") requested Authority approval of a HELP II loan in an amount not to exceed \$456,000. Mr. Lewis reported the loan proceeds would be used to finance the purchase of a facility previously owned by a HELP II borrower, Yolo Family Service Agency, to continue serving clients with behavioral health care needs.

Attendees: Robin Affrime, Chief Executive Officer and Carolina Apicella, Chief Financial Officer.

Ms. Affrime gave an update of CommuniCare since May 2018. Ms. Affrime reported that while CommuniCare was in the process of performing the due diligence, they discovered that ADA upgrades were needed along with minor roof repairs. Ms. Affrime stated that CommuniCare received notification of a Federal grant for community health centers for behavioral health services. CommuniCare would use the grant funds for the upgrades and repairs.

Chairperson Holton-Hodson asked if there were any questions or public comment; there were none.

Sustainability based on the complexity of their projects, and asking detailed questions to help Counties develop well-thought-out project proposals/applications.

Ms. Aboubechara also presented charts of data that staff recently collected on the status of approved projects and the reasons for all grant period and resolution expiration deadline extensions from the Authority.

Attendees: via teleconference - Will Rhett-Mariscal, Ph.D., Director, California Institute for Behavioral Health Solutions.

The Authority engaged in a discussion regarding lessons learned and shared with staff their thoughts.

Chairperson Holton-Hodson asked if there were any questions or public comment; there were none.

Item #9 **Investment in Mental Health Wellness Grant Program for Children and Youth Overview**

Ms. Aboubechara, Program Manager II, presented. Ms. Aboubechara gave a brief overview of the Investment in Mental Health Wellness Grant Program for Children and Youth (“CY Program”), SB 833 (2016) Section 20.

Ms. Aboubechara reported the key objectives of the CY Program of adding at least 120 Crisis Stabilization and Crisis Residential Treatment beds, 200 Mobile Crisis Support Teams, and expanding Family Respite Care; the approximately \$27 million available in funding over two budget years; the county maximums; eligible project costs; evaluation criteria; the new Family Respite Care program concept; opportunities and program refinements; and next steps.

Attendees: Lynn Thull, Ph.D., Health Policy and Practice Improvement Consultant, California Alliance of Child and Family Services, and via teleconference - Will Rhett-Mariscal, Ph.D., Director, California Institute for Behavioral Health Solutions.

Lynn Thull presented details on the need for crisis services for children and youth in California.

Chairperson Holton-Hodson asked if there were any questions or public comment; there were none.

Item #10 **Community Services Infrastructure Program Overview**

Sondra Jacobs, Program Manager, and Nicole Weaver, staff analyst, presented. Ms. Jacobs and Ms. Weaver gave a brief overview of the Community Services Infrastructure Grant Program (“CSI Program”) SB 843 (2016) Section 52.

Ms. Weaver reported that the \$67,500,000 was appropriated from the General Fund for the CSI Program, of which \$1,687,000 is for the Authority’s administrative costs. The funds must be awarded by June 30, 2020 and must be fully disbursed by June 30, 2022. Ms. Weaver finalized her part of the presentation by outlining eligible costs covered by the CSI Program.

Ms. Jacobs reported that CHFFA had proposed county and regional maximum grant amounts and outlined proposed application evaluation criteria. Ms. Jacobs outlined next steps for the CSI Program, and that on August 15, 2018, there would be a webinar presentation for stakeholders explaining the CSI Program draft regulations, answering questions, and accepting feedback on draft regulations.

Attendees: Constance Gustafson, Senior Associate, California Institute for Behavioral Health Solutions. And via teleconference: Hallie Fader-Towe, Program Director, Deanna Adams, Senior Policy Analyst, and Sheila Tillman, Senior Policy Analyst, The Council of State Governments Justice Center.

Constance Gustafson of California Institute for Behavioral Health Solutions, introduced herself, her role as the CSI Program's Technical Advisor, and her past relevant experience.

Hallie Fader-Towe of the Council of State Governments Justice Center briefly described her organization's experience with jail diversion programs.

Mr. LoFaso asked what a facility acquired under the CSI Program would look like.

Ms. Gustafson responded that a facility would house multiple programs within different sections of the building. Ms. Gustafson stated multiple agencies with different specialties would collaborate; such as substance abuse disorder treatment, mental health treatment, employment services, and housing services. Ms. Gustafson stated that the counties would need to determine what type of facilities would be suitable for each individual community.

Mr. LoFaso suggested that the second round of funding for the CSI Program should be competitive on a statewide basis, rather than using county and regional maximum Grant amounts.

Ms. Wong-Hernandez asked Ms. Gustafson if she would be involved in evaluating the effectiveness and feasibility of the projects outlined in applications.

Ms. Gustafson said that she would be involved.

Chairperson Holton-Hodson asked if there were any questions or public comment; there were none.

Items #11, #12, #13

Other Business, Public Comment, Adjournment

Chairperson Holton-Hodson asked for public comment. Hearing none and with no additional business, the meeting adjourned at 4:22 P.M.