MINUTES
California Health Facilities Financing Authority
("CHFFA" or "Authority")
915 Capitol Mall, Room 587
Sacramento, California 95814
August 24, 2017 – 1:30 P.M.

Alternate Locations for CHFFA Teleconference Participation:

San Francisco Health Plan Service Center
Ocean Beach Conference Room
7 Spring Street
San Francisco, California 94104

Asset Strategies (Gensler)
500 South Figueroa Street
Los Angeles, California 90071-1705

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 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 Eraina Ortega for Michael Cohen, Director, Department of Finance Judith Frank - Via teleconference Jack Buckhorn Sumi Sousa – Via teleconference
Members Absent:	Jay Hansen Oscar Sablan, M.D. Robert Cherry, M.D.

Chairperson Brown declared a quorum present.

Item #2 **Approval of the Minutes from the July 27, 2017 Meeting**

Chairperson Brown asked if there were any changes or corrections to the minutes or public comment; there were none.

Authority Action

Motion to approve the minutes from the July 27, 2017 meeting.

MOTION: Member Ortega SECOND: Member LoFaso

AYES: ..... Members: Sousa, Buckhorn, Frank, Ortega, LoFaso, Brown
NOES: ..... NONE
ABSTAIN:..... NONE
RECUSE:..... NONE

MOTION ADOPTED.

CHFFA Fund Balances and Comprehensive Debt List Summaries

Mr. Washington reported the CHFFA fund balances, outstanding debt information, and year-end closing information would be provided at the September 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

Didi Hirsch Psychiatric Services ("DHPS") – Approval of Additional Debt. On July 26, 2017, DHPS requested written consent from CHFFA to take on additional debt in the amount of $15,000,000 from First Republic Bank issued by the California Enterprise Development Authority. Loan proceeds would be used for a new Suicide Prevention Center of Excellence. CHFFA's in-house counsel confirmed the proposed action fell within CHFFA's HELP II Loan Program Delegation Resolution. The Acting Executive Director approved the request and issued a written consent on August 2, 2017.

Grant Programs Update

Investment in Mental Health Wellness Grant Program

Mr. Washington briefly discussed the Milestone tracking list containing ongoing projects from all funding rounds, milestones, extensions, and resolution expiration dates. Mr. Washington also asked the Authority members if they would like to see the report semi-annually or quarterly.

Mr. LoFaso inquired whether a county would come back to the Authority for an update to its resolution if it fails to meet its milestones.

Mr. Washington replied yes.

Chairperson Brown replied the report should be presented quarterly and asked Mr. Washington to speak about Los Angeles County's grant award.

Mr. Washington shared that he met with the Director of Los Angeles County Department of Mental Health (the "County") and that the County desires to come before the Authority in September and share information about its request for reinstatement of the resolution and amendment of its grant award and also share its vision for its project plans.

Ms. Ortega sought confirmation that the County's resolution has expired and that the County currently has no project given that it does not have a valid resolution.

Mr. Washington confirmed that the County's resolution has expired and the County is currently not working towards the plan under the original resolution and application and that the County's proposed plan is different than the original plan.

Ms. Ortega asked about the County's project and expressed that it had not been previously communicated to the Authority that the County is not currently working towards the completion of the original project.

Mr. LoFaso asked, given that the resolution has expired, at what point would the program be in jeopardy of losing the grant award? Mr. LoFaso also stated that he would like to ensure that the project was being monitored and the Authority will be advised on the project at the appropriate time. He also recalled that CHFFA had consultants working with staff on the mental health grant program and suggested reaching out to them for some guidance with the County and their new proposal.

Chairperson Brown stated staff should share the Authority's concerns with the Director of Los Angeles County, given the dollar amount and the complete change in direction.

Ms. Aboubechara replied there were discussions with the County about returning to the Authority to seek an extension of the grant period and resolution before expiring. The new County director found an alternative model where the County would place modular buildings on County-owned land. The County believes this project is consistent with the intent and purpose of the original application, adding the crisis residential and crisis stabilization beds, but also shared that the model implementation would differ from the original project. Ms. Aboubechara further stated that staff requested timelines, budgets, drawings and a detailed plan for each location, explaining how the County kept in line with the spirit of the original application. In-house legal counsel advised staff of the County's options to request an amendment to the resolution or let the resolution expire and seek a reinstatement of the resolution should the Legislature extend SB 82.

Chairperson Brown requested from in-house legal counsel a legal analysis as to whether the changes would require a new application.

A conversation followed amongst Authority members about their thoughts on what the County must do prior to getting a reinstatement.

Chairperson Brown stated that the County would need to submit a substantial report to present before the Authority.

Mr. Washington stated that staff would ensure that the County has something of substance for the Authority and explore what the options would be in the event the County is unable to use the funds towards this project.

Chairperson Brown asked if there were any questions or comments.

Clinic Lifeline Grant Program
Mr. Washington noted the Clinic Lifeline Grant Program information item was deferred to September to provide staff the opportunity to speak with additional stakeholders and provide options to the Authority.

Community Services Infrastructure Grant Program
Staff began stakeholder conversations and met with the Council on Mentally Ill Offenders ("COMIO") and the Board of State and Community of Corrections.

Children's Hospital Program of 2004 (Proposition 61)
The Prop. 61 regulations were approved by the Office of Administrative Law and filed with the Secretary of State. Mr. Washington noted a third funding round for the remaining funds is expected to open shortly after October 2017.

Mr. LoFaso inquired as to when the Authority would see draft regulations for the community services infrastructure program.

Mr. Washington replied that staff's intent is to provide them to the Authority by the end of the calendar year. Mr. Washington also shared that staff is in the process of hiring another staff member specifically for the purposes of drafting regulations.

Chairperson Brown requested that staff report back at the September meeting on the status of regulations and implementation for the new and continuing programs.

Site visits

Tom Finn, staff analyst, and Ms. Aboubechara visited the University of San Francisco – Benioff Children's Hospital at Mission Bay ("UCSF"). UCSF received approximately $69 million of funding from Children's Hospital Program grants for construction of the 289 bed, $1.4 billion new hospital which opened in February 2015. The 183 pediatric beds were all in private, single rooms with large windows and were designed with themes that appeal to children.

Brock Lewis, staff analyst, Ms. Aboubechara, and three staffers from the Department of Finance went on a site visit to the County of Sacramento to hear about the Mobile Crisis Support Team ("MCST") program and to see one of the four vehicles purchased, a Prius. Mr. Lewis discussed the lessons learned and how the MCST staff partnered with law Enforcement.

Item #4 Investment in Mental Health Wellness Act of 2013, Fifth Amendment to Resolution No. MH 2014-09 (First Funding Round) and Reinstatement of Resolution No. MH 2014-24 (Second Funding Round) County of Merced, California

Yuanyuan Wei, staff analyst, presented. County of Merced ("County") received a grant in the first funding round to develop a 12-bed Crisis Residential Treatment Program together with four other counties. The Authority later approved the County a grant in the second funding round to increase the bed capacity from 12 to 16 and to add Stanislaus to the county collaboration.

The County requested an amendment to the first funding round award to amend its project description to allow the County to select a new service provider and to extend the resolution and grant period expiration date from December 31, 2017 to December 31, 2018 due to delays in construction.

As a technical administrative clean up, because the 2nd funding round resolution award expired after funds were fully disbursed, staff also recommended the reinstatement of the 2nd funding round award to match the resolution and grant period expiration date and terms and conditions set forth in the 1st funding round award.

The County expects construction to be completed by May 31, 2018 and the CRT to be operational by September 30, 2018.

Staff recommended the Authority approve the amendment to Resolution Number MH 2014-09 to amend the project description and extend the grant period and resolution expiration date from December 31, 2017 to December 31, 2018, and approve the reinstatement of Resolution Number MH 2014-24 to align the grant period and resolution expiration date and terms and conditions set forth in Resolution Number MH 2014-09 subject to the three conditions outlined in the resolutions.

Attendees: Yvonnia Brown, Director, Department of Behavioral Health and Recovery Services and Maria Azevedo, Staff Services Analyst II, Department of Behavioral Health and Recovery Services.

Ms. Brown thanked the Authority for the opportunity and gave a brief description of the current progress of the project.

Mr. LoFaso asked for clarification of the delays regarding the Memorandum of Understanding ("MOU").

Ms. Brown replied that the County worked closely with five other counties to move forward with the MOU and sent the final draft MOU to the five other counties.

Mr. Brown asked if each five counties' board has to approve the MOU.

Ms. Brown replied that some counties required an approval by their Board of Supervisors and some counties had authority for their executive director or legal counsel to sign.

Mr. LoFaso asked if there were any lessons learned the County would share that would be valuable to the Authority.

Ms. Brown replied that the biggest lesson was understanding the different counties' approval authority.

Ms. Ortega asked for clarification for the other two floors activities would be only used by the County.

Ms. Brown confirmed that only the first floor out of the three floor building was for the Crisis Residential Program.

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

Authority Action

Motion to approve the amendment to Resolution Number MH 2014-09 to amend the project description and extend the grant period and resolution expiration date from December 31, 2017 to December 31, 2018, and approve the reinstatement of Resolution Number MH 2014-24 to align the grant period and resolution expiration date and terms and conditions set forth in Resolution Number MH 2014-09 and subject to additional conditions in the resolution.

MOTION: Member Ortega SECOND: Member Buckhorn

AYES: ..... Members: Sousa, Buckhorn, Frank, Ortega, LoFaso, Brown
NOES: ..... NONE
ABSTAIN: ..... NONE
RECUSE: ..... NONE

MOTION ADOPTED.

Item #5 Investment in Mental Health Wellness Act of 2013
Amendment to Resolution No. MH 2016-01 County of Alameda, California

Brock Lewis, staff analyst, presented. The County of Alameda (the "County") requested Authority approval to amend the project description to eliminate the Crisis Stabilization Unit ("CSU") program and extend the grant period and resolution expiration date from December 31, 2017 to December 31, 2019 for the Crisis Residential Treatment ("CRT") program.

The County experienced significant turnover in the Behavioral Health Director position after being awarded a grant in the fifth funding round. The Director requested an additional funding analysis of the fifth funding round CRT and CSU grant programs and determined the County could not guarantee ongoing operational funding for a combined CSU/CRT program. The County determined its ongoing operational funding support would be limited to the CRT program, which would meet the service provision goals of the County and the community more effectively.

Attendees: Mary Skinner, Program Technical Specialist II, Alameda County Behavioral Health Care Services.

Ms. Skinner provided a brief overview of the progress and current status of the program.

Mr. LoFaso asked for clarification as to why the County was unable to continue with the CSU program.

Ms. Skinner replied that it was determined that original proposed location selected for the CRT/CSU was not the best location to serve the community. The new location would be situated between two existing viable CSUs.

Mr. Buckhorn asked for clarification regarding the County's labor service agreements.

Ms. Skinner replied that the construction market in Alameda County has made it challenging to maintain construction workers for its project.

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

Authority Action

Motion to approve amendment to Resolution Number MH 2016-01 to amend the project description to eliminate the CSU program and to extend the resolution and grant period expiration date to December 31, 2019 with the condition the County meet milestone deadlines in the resolution.

MOTION: Member Buckhorn SECOND: Member LoFaso

AYES: ..... Members: Sousa, Buckhorn, Frank, Ortega, LoFaso, Brown
NOES: ..... NONE
ABSTAIN:..... NONE
RECUSE:..... NONE

MOTION ADOPTED.

Item #6 Peer Respite Care ("PRC") Grant Program
Amendment to Resolution No. PR 2016-01 County of Alameda, California

Brock Lewis, staff analyst, presented. The County of Alameda ("County") requested Authority approval to extend the grant period and resolution expiration date from December 31, 2017 to April 30, 2019.

The County experienced delays in its selection of a site and a service provider. The County engaged La Familia as a service provider for the PRC program at a building it currently owns. The County anticipates the PRC program will be operational on or before March 31, 2019.

Attendees: Khatera Aslami-Tamplen, Consumer Empowerment Manager, Alameda County Behavioral Health Care Services.

Ms. Aslami-Tamplen provided a brief overview of the progress and current status of the program.

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

Authority Action

Motion to approve amendment to Resolution Number PR 2016-01 to extend the grant period and resolution expiration date to April 30, 2019 with the condition that the County meet all the milestone deadlines in the resolution.

MOTION: Member Ortega SECOND: Member LoFaso

AYES: ..... Members: Sousa, Buckhorn, Frank, Ortega, LoFaso, Brown
NOES: ..... NONE
ABSTAIN: ..... NONE
RECUSE: ..... NONE

MOTION ADOPTED.

Item #7 Clinic Lifeline Grant Program

REMOVED FROM THE AGENDA

Item #8 No Place Like Home Act of 2016 – Presentation including Roles, Responsibilities, Structure, and Financing Overview

Blake Fowler from the State Treasurer's Office, Public Finance Division provided an overview of the bond financing structure for the No Place Like Home Program.

Attendees: Blake Fowler, State Treasurer's Office, Public Finance Division; Zack Olmstead, Assistant Deputy Director of Homeless and Housing Policy – Department of Housing & Community Development ("HCD"); Jenna Magan, Bond Counsel, Orrick, Herrington & Sutcliffe LLP.; and Gisele Rainer, Deputy Attorney General, Attorney General's Office (via phone).

Mr. LoFaso asked for clarification regarding the bonds being federally taxable.

Mr. Fowler replied it was due to the private use and private payment of the bonds.

Mr. Buckhorn asked for clarification regarding the service contract and the constitutional debt limit.

Mr. Fowler replied that a service contract as a contingent obligation has been utilized in the past as an exception to the constitutional debt limit. The service contract for the NPLH program has been designed to comply in the same manner.

Ms. Frank asked for clarification regarding how counties would find sites for projects and the potential for success.

Mr. Olmstead replied that land may be donated, or the cost of the land may be built into the cost of the project, but ultimately he expected counties would partner with developers that have experience with supportive housing projects. HCD would oversee the NPLH Program since HCD has experience and an infrastructure of developers that provide supportive housing through other existing programs.

Agenda Item #9 No Place Like Home Act of 2016 ("NPLH"), Resolution No. 2017-05

Brock Lewis, staff analyst, presented. The California Department of Housing and Community Development ("HCD") requested Authority approval to authorize the issuance of up to $2,000,000,000 of bonds as well as the execution and delivery of certain bond documents for the NPLH Program.

Attendees: Blake Fowler, State Treasurer's Office, Public Finance Division and Zack Olmstead, Assistant Deputy Director of Homeless and Housing Policy – Department of Housing & Community Development

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

Authority Action
Motion to approve Resolution No. 2017-05 authorizing the issuance of one or more series of revenue bonds in an amount not to exceed two billion dollars ($2,000,000,000) (exclusive of refunding bonds) related to the NPLH Program and certain other actions in connection therewith, including authorizing the execution and delivery of the Master Indenture, Supplemental Indentures, the Loan Agreement, and the Service Contract.

MOTION: Member Ortega SECOND: Member Sousa

AYES: ..... Members: Sousa, Buckhorn, Frank, Ortega, LoFaso, Brown
NOES: ..... NONE
ABSTAIN: ..... NONE
RECUSE: ..... NONE

MOTION ADOPTED.

CLOSED SESSION

The closed session began at 3:06 P.M.

Agenda Item #10 Litigation (Government Code Section 11126(e)(2)(C))
Litigation (Government Code Section 11126(e)(2)(C)).

Adjournment to a closed session to confer with and receive advice from legal counsel pertaining to initiation of litigation, as authorized by Government Code Section 11126(e)(2)(C).

Agenda Item #11 Litigation (Government Code Section 11126(e)(2)(A))
Litigation (Government Code Section 11126(e)(2)(A)).

Consult with legal counsel regarding pending litigation (*California Health Facilities Financing Authority v. Health for ALL, Inc., et al.*; Case No. 34-2010-00092737, Sacramento County Superior Court), as authorized by Government Code Section 11126(e)(2)(A).

OPEN SESSION

The open session was re-opened at 3:30 P.M.

Items #12, #13, #14 Other Business/Public Comment/Adjournment
Chairperson Brown asked for public comment. There were none. The meeting adjourned at 3:31 P.M.