MINUTES
California Health Facilities Financing Authority
("CHFFA" or "Authority")
915 Capitol Mall, Room 587
Sacramento, California 95814
July 27, 2017 – 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 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 Jay Hansen* Sumi Sousa Robert Cherry, M.D.
Members Absent:	Oscar Sablan, M.D. Jack Buckhorn

Chairperson Brown declared a quorum present.

*Mr. Hansen joined the meeting at 1:32 P.M.

Chairperson Brown announced the No Place Like Home Program overview by the Public Finance Division ("PFD") will be heard at the August 24, 2017 CHFFA meeting. Chief of Staff, Collin Wong-Martinusen, Deputy Director of PFD, Deputy Treasurer Tim Schaefer, and Chairperson Brown discussed and determined that it would be more effective to hear the presentation before taking up the bond validation action item.

Chairperson Brown also announced Diane Stanton's last meeting as Executive Director. He thanked her for an extraordinary job. Ms. Stanton would be working at CalSTRS for Grant Boyken, former Deputy Treasurer. Also, Ronald Washington, Executive Director for the California Educational Facilities Authority would be the Acting Executive Director for CHFFA.

Item #2 **Approval of the Minutes from the May 25, 2017, and the June 16, 2017 Board Meetings**

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

Authority Action

Motion to approve the minutes from the May 25, 2017 and the June 16, 2017 CHFFA meetings.

MOTION: Member Sousa SECOND: Member Hansen

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

MOTION ADOPTED.

Item #3 **Executive Director's Report**

CHFFA Fund Balances and Comprehensive Debt List Summaries

Diane Stanton, Executive Director for CHFFA, reported the financials and the comprehensive debt lists for May 31, 2017 and June 30, 2017. In the comprehensive debt lists, Kaiser and the Children's Hospital of Los Angeles moved up on the lists due to recent bond deal closings.

Ms. Stanton stated that as a result of the recently approved 2017-18 budget, there would be an impact to CHFFA's fund balances, and the fund balances in the July report would change to coincide with the new budget. Ms. Stanton reported the Cedillo-Alarcón Clinic grant fund balance line has been zeroed out and would fall off the fund balance report in July.

Tax-Exempt Bonds Delegation of Powers Monthly Update

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

HELP II Loan Program Delegation of Powers Monthly Update

La Maestra Family Clinic ("LMFC") – Approval of the Additional Debt. On June 14, 2017, LMFC requested written consent from CHFFA to take on additional debt in the amount of $650,000 from CPCA Ventures. LMFC would use the loan proceeds to renovate one of its facilities. CHFFA's in-house counsel reviewed the request and confirmed the proposed action fell within CHFFA's HELP II Loan Program Delegation Resolution. The Executive Director approved the request and issued a written consent on June 21, 2017.

Legislative Updates

Ms. Stanton reported that there have been four programs that have been impacted by the 2017-18 budget signed by the Governor.

Clinic Lifeline Grant Program

(SB 97, 2017)

SB 97 included a $20 million appropriation creating the Clinic Lifeline Grant Program to assist non-profit small and rural community clinics. The grants would be $250,000 per clinic and would support core operations allowing clinics to continue providing care as they develop long-term plans to address operating revenue pressures caused by potential losses in federal funding and patient health insurance. The grant program was funded with moneys transferred from CHFFA's HELP II Loan Program. Any moneys remaining as of June 30, 2022 would revert back to the HELP II Loan Program.

Ms. Sousa inquired if the new grant program was contingent upon the repeal of the Affordable Care Act.

Ms. Stanton replied no.

Ms. Frank asked if the money would return to the HELP II Loan Program if unused.

Ms. Stanton replied yes, if there were awards not fully utilized or if there was money left over, then the moneys would return to the HELP II Loan Program fund by 2022.

Chairperson Brown reported that over the next several months there would be discussion about the criteria of awarding grants.

Mr. Hansen inquired about a write up on the proposed program by CHFFA staff.

Ms. Stanton stated staff has begun drafting regulations, including an application, and are working with interested stakeholders to make sure they were aware of the program.

Mr. Hansen further stated it would be a great opportunity for the board members to be involved and share ideas or input. He also requested a report back as the program develops.

Chairperson Brown replied he wanted a conversation over the draft regulations after staff has received stakeholder input, and then the board members could give their input before it was finalized and sent to the Office of Administrative Law ("OAL").

Children and Youth Investment in Mental Health Wellness Grant Program ("CY Program")

(SB 833, Section 20, provides the statutory language; SB 826 provides the initial funding in 2016; and AB 97 provides funding in 2017)

Ms. Stanton presented that the Children and Youth Investment in Mental Health Wellness Grant Program ("CY Program") was created to increase mental health services for children and youth 21 years of age and under for the purpose of developing a complete continuum of crisis services.

The initial funding for this program was $27,000,000. The 2016-17 Budget (SB 826) included a one-time appropriation of $11,000,000 in Mental Health Services Act ("MHSA") funding with $185,000 for administrative costs, as well as a one-time General Fund appropriation of $16,000,000 with $265,000 for administrative costs.

The Governor's proposed 2017-18 Budget recommended eliminating the General Fund support for this program and reducing the funding for this program to $11,000,000. In the approved 2017-18 Budget (AB 97), the funding level for the CY Program was restored with a second appropriation of $16,717,000 in MHSA funding with $265,000 for administrative costs. The total amount available for CY grants is $27,717,000. Similar to the Investment in Mental Health Wellness Act, the statute includes goals for 200 mobile crisis teams and 120 crisis stabilization and crisis residential beds.

Ms. Stanton stated that this program will be modeled after the SB 82 Investment in Mental Health Wellness Grant Program and that staff will need to promulgate regulations.

Dr. Cherry stated that this program has potential to cause confusion for the counties because of the two funding sources with limitations on the 1st allocation of funds in the 2016-17 budget and wanted to understand how staff will be educating stakeholders on this issue.

Ms. Stanton explained that staff will be educating stakeholders in the future about the two sources of funding. Ms. Stanton added that CHFFA staff is seeking clarification from the Department of Finance ("DOF") on the limitation of the use of funds in the budget bill that is not included in the language of the statute that created the program. More specifically, CHFFA staff has asked DOF for flexibility that CHFFA has asked for in the past under the SB 82 program to move funds around program buckets to fully meet counties' needs based on meritorious applications received by the Authority. Currently, staff is waiting for feedback from DOF and then will report back to the board.

Ms. Sousa asked for clarification on the limitations.

Ms. Stanton stated that the 2016-17 budget funds are limited to two of the four eligible programs under the statute – Mobile Crisis Support Teams ("MCST") and Family Respite Care ("FRC") – and that the 2017-18 budget funds are open to all four eligible programs – MCST, FRC, Crisis Residential Treatment, and Crisis Stabilization.

Community Services Infrastructure Grant Program
(SB 843, Section 52, provides the statutory language; SB 826 provides the initial funding in 2016; and AB 97 provides funding in 2017)

Ms. Stanton stated that Community Services Infrastructure ("CSI") Grant Program, which is also internally referred to as the jail divergent program, was created to expand community alternatives to jail and prison. The program seeks to expand access to jail and prison diversion programs and services for those with mental health illness, substance use disorders, or who had suffered from trauma.

Funded with a one-time General Fund appropriation in fiscal year 2016-17 of $67,500,000 with $1,687,000 for administrative costs (SB 826), the Governor's proposed 2017-18 Budget recommended eliminating the funding for this program. However, in the approved 2017-18 Budget (AB 97), funding was fully restored, consisting of $67,500,000 in a one-time General Fund appropriation with $1,687,000 for administrative costs.

Chairperson Brown commented that it will be challenging to work with stakeholders in the criminal justice and public safety area, which is a new group of stakeholders CHFFA has not worked with previously.

Investment in Mental Health Wellness Grant Program
(SB 82, 2013 and AB 97, 2017)

Ms. Stanton reported that the 2017-18 budget included an extension of the Investment in Mental Health Wellness Grant Program until December 31, 2021. As originally created and funded in 2013, the program was set to end on June 30, 2018.

Although the extension did not include additional funding, counties are allowed more time to complete projects beyond the original 2018 deadline. CHFFA staff continue to work with counties and track project completion. Counties that need additional time would need to request a grant extension. Any future extension requests would continue to include milestones to ensure the projects are completed timely and grant funds are spent in accordance with program requirements. Any awarded but unspent or forfeited grant funds would return to the General Fund.

Ms. Frank sought clarification on the remaining funds of the Investment in Mental Health Wellness Grant Program ("IMHWGP"). Ms. Stanton stated that the remaining fund balance in the IMHWGP would revert back to the General Fund pursuant to the 2017-18 budget and the fund balance in July would be zero, and further clarified the 2016-17 budget.

Ms. Stanton also stated that as counties continue to ask for extensions, staff has been including milestones in the resolutions to keep counties focused on completing their projects on time and have provided the Authority members a matrix showing how the projects are progressing.

At the next CHFFA meeting, Chairperson Brown requested an inclusive list of all counties.

Mr. LoFaso expressed his sorrow for the departure of Ms. Stanton and stated that it was a big loss for CHFFA and that he had really enjoyed working with her.

Ms. Stanton replied that her position with CHFFA was a wonderful opportunity. She stated that CHFFA has a great team and that day-to-day it was a real pleasure to come to work.

Mr. Hansen stated that he enjoyed working with Ms. Stanton and appreciated her professionalism and attentiveness.

Ms. Stanton also mentioned that Matthew Saha is leaving CHFFA for a position at the State Treasurer's Office, Executive Office.

Site Visit – Momentum, Santa Clara County

Ms. Stanton indicated that staff had attended a Council on Mentally Ill Offenders ("COMIO") workshop regarding public safety, drug courts, and other topics regarding the jail diversion program. Included in this workshop was a site visit for Santa Clara County's program funded by SB82.

Jameson Mitchell, staff analyst, presented.

Santa Clara County (the "County") received funding allocated initially in 2014 to establish a Crisis Residential Treatment ("CRT") and Crisis Stabilization Unit Program ("CSU") to provide for an undeserved Seriously Mentally Ill population within the San Jose community. "Momentum" CSU/CRT was set to open in August 2017 and would serve 23 clients, eight through the CSU and 15 through the CRT. The facility would provide linked services with dentistry, medicine, and an on-site psychiatrist.

Momentum would be unlocked, and referrals would only occur on a voluntary basis coming directly from the County. Santa Clara Superior Court Judge Stephen Manley indicated that when the facility opens, individuals otherwise jailed would immediately be placed within Momentum's CRT portion. Featured in the CRT/CSU was a large kitchen area where clients would cook their own meals and private rooms, a game room, and a backyard area.

Chairperson Brown asked if 5150s would be taken to the CSU/CRT. Mr. Mitchell indicated no.

Ms. Frank recused herself from Item #4 due to her ownership of Wells Fargo Bank stock.

Item #4 Lucile Salter Packard Children's Hospital at Stanford ("Packard"), Palo Alto, California, Resolution No. 429

Erin Lane, staff analyst, presented. Packard requested Authority approval to issue up to an amount not to exceed $200,000,000 subject to the conditions in the resolution. Bond proceeds would be used to finance and reimburse for the extensive multi-phase capital expansion and renovation project in progress at its hospital facility, the acquisition of a facility in the vicinity of the hospital facility and fund routine capital expenditures. The funding would allow Packard to finish the remaining portion of the expansion project as well as provide for future projects.

Attendees: Dana Haering, Chief Financial Officer, Packard; Sherri Sager, Chief Government and Community Relations Officer, Packard; John Landers, Managing Director, Morgan Stanley, Underwriter; Kathleen Leak, Orrick, Herrington & Sutcliffe LLP, Bond Counsel.

Mr. Hansen inquired about the payor mix and the patient days for payor mix.

Ms. Haering clarified that the payor mix listed in the staff report was net revenue, not gross revenue. If looking at gross revenue, 42% would be from Medi-cal.

Dr. Cherry inquired if the property had been identified and if there were any anticipated expenses with respect to seismic requirements.

Ms. Haering replied no. The property currently has trailers on it and was being used as dentistry buildings. It was the last piece of property on Welsh Road by the hospital that was owned by someone outside the Stanford family.

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

Authority Action

Motion to approve Resolution No. 429 for Lucile Salter Packard Children's Hospital at Stanford in the amount not to exceed $200,000,000.

MOTION: Member Sousa SECOND: Member Hansen

AYES: .....Members: Cherry, Sousa, Hansen, Ortega, LoFaso, Brown
NOES:.....NONE
ABSTAIN:.....NONE
RECUSE:.....Member Frank

MOTION ADOPTED.

Item #5 Investment in Mental Health Wellness Act of 2013 Third Amendment to Resolution No. MH 2015-01

Amy Voong, staff analyst, presented. Kings County (the "County") requested Authority approval of an amendment to Resolution Number MH 2015-01 to revise the project description to allow the County the option to designate its nonprofit service provider to purchase and renovate property and extend the resolution and grant period expiration date from December 31, 2017 to June 30, 2019. On June 25, 2015, the Authority approved a Final Allocation to the County in amount not to exceed $995,903.84 to establish an 8-bed Crisis Residential Treatment program ("CRT"). The 2017-18 state budget included an extension of the Investment in Mental Health Wellness Grant Program until December 31, 2021. With additional time now available to disburse grant funds, the County would like to take this opportunity to re-evaluate its timeline and request an extension from December 31, 2017 to June 30, 2019.

Attendee: Katie Arnst, Program Manager, Kings County Behavioral Health.

Ms. Arnst thanked CHFFA staff for all their support and gave a detailed description of project progress and current status of the program.

Mr. LoFaso asked for clarification of the County's path moving forward with seeking property.

Ms. Arnst replied that the County will continue to seek both residential property and commercial property; if the County purchases a commercial property, it will be remodeled to create a home-like feel. Ms. Arnst highlighted the County's outreach efforts to build community support for the project and in six months' time. If a property has not been secured, the County would exercise its option to have the County's nonprofit service provider purchase property.

Mr. LoFaso commented that the County's Board of Supervisors will have to make a decision on utilizing the grant funds to move the project forward.

Mr. Hansen commented that there is a lack of leadership in the County's Board of Supervisors and would like to send a message to all counties' Board of Supervisors that a lack of leadership to move these projects forward means the awarded grant funds should be spent elsewhere.

Ms. Frank advised the County to seek advice from other counties that face similar issues.

Ms. Frank asked if there had been mental health incidents in the County that would create a cause for public concern.

Ms. Arnst replied that there had not been any particular mental health related incident that created such concern to the best of her knowledge.

Dr. Cherry requested a six-month update from the County.

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

Authority Action

Motion to approve amendment to Resolution No. MH 2015-01 for Kings County to amend the County's project description to allow the County the option to designate its nonprofit service provider to purchase and renovate real property, and to extend the resolution and grant period expiration date from December 31, 2017 to June 30, 2019 with the conditions in the resolution.

MOTION: Member Frank SECOND: Member Ortega

AYES: .....Members: Cherry, Sousa, Frank, Ortega, LoFaso, Brown
NOES: .....Member Hansen
ABSTAIN: .....NONE
RECUSE: .....NONE

MOTION ADOPTED.

Item #6 No Place Like Home

REMOVED FROM THE AGENDA

CLOSED SESSION

Item #7 Litigation (Government Code Section 11126(e)(1))

Litigation (Government Code Section 11126(e)(1))

Consult with legal counsel regarding pending litigation (*California Health Facilities Financing Authority vs. 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 3:12 P.M.

Items #8, #9, #10 Other Business/Public Comment/Adjournment

Ms. Stanton stated that the next CHFFA meeting is scheduled on August 24, 2017.

Chairperson Brown asked for public comment. There were none.

The meeting adjourned at 3:13 P.M.