MINUTES
California Health Facilities Financing Authority
("CHFFA" or "Authority")
915 Capitol Mall, Room 587
Sacramento, California 95814
May 25, 2017 – 1:30 P.M.

Alternate Locations for CHFFA Teleconference Participation:

Asset Strategies
500 South Figueroa Street
Los Angeles, California 90071

San Francisco Health Plan Service Center
7 Spring Street
San Francisco, California 94104

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

Deputy Treasurer, Vincent P. Brown, serving as Chairperson, called the meeting to order at 1:33 P.M.

Item #1 Roll Call

Members Present:	Vincent P. Brown for John Chiang, California State Treasurer Alan LoFaso for Betty T. Yee, California State Controller Eraina Ortega for Michael Cohen, Director of Finance Judith Frank – Via Teleconference Jack Buckhorn Dr. Robert Cherry Sumi Sousa – Via Teleconference
Members Absent:	Dr. Oscar Sablan Jay Hansen

Chairperson Brown declared a quorum present.

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 #2 Approval of the Minutes from the April 27, 2017 Meeting

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

Authority Action

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

MOTION: Member Sousa SECOND: Member LoFaso

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

MOTION ADOPTED.

CHFFA Fund Balances and Comprehensive Debt List Summaries

Diane Stanton, Executive Director, reported there was a significant drop with the fund balance for the Children and Youth Investment in Mental Health Wellness grant program ("Children and Youth Program") funded through the Mental Health Services Act ("MHSA") which were due to a required encumbrance before the Fiscal Year end.

There were no changes to the Comprehensive Debt List Summaries.

Tax-Exempt Bonds Delegation of Powers Monthly Update

The HELP Group, Inc. Series 2012 ("THG") – Subordination Agreement

On February 21, 2017, THG requested CHFFA and Cal-Mortgage to execute a Subordination Agreement to subordinate their security interest in THG gross revenues in connection with the issuance of the CHFFA Series 2012 Bonds insured by Cal-Mortgage. THG was in the process of refinancing an existing bank loan in the amount of $4.6 million with UBS Bank USA. In order to refinance the bank loan, UBS Bank USA requested senior lien position on THG's gross revenues. According to Cal-Mortgage, refinancing the existing bank loan would place THG in a better financial position to ensure payments on the CHFFA Series 2012 Bonds. Cal-Mortgage reviewed and signed the Subordination Agreement during the week of April 10, 2017.

The Office of the Attorney General reviewed the request for the execution of the Subordination Agreement and confirmed the proposed action fell within the delegation resolution of CHFFA's Bond Financing Program.

The Executive Director executed the Subordination Agreement on April 24, 2017.

HELP II Loan Program Delegation of Powers Monthly Update

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

Mental Health Grant Program Update

Since CHFFA's last meeting, there was a great deal of activity surrounding the state budget including the release of the Governor's May Revision. In the Governor's original January budget proposal, he proposed the elimination of the Community Infrastructure Mental Health Grant Program that was funded in the FY 16-17 budget with an appropriation of $67.5 million. The May revision did not make any changes to the proposed elimination.

For the Children and Youth Program, approved in the FY 16-17 budget, a total of $27 million was appropriated with a combination of funds ($16 million from the General Fund and $11 million in MHSA funding). In the proposed January budget, the Governor proposed eliminating the one time General Fund appropriation but retaining the $11 million in MSHA funding, and those funds were received and encumbered by the Authority. There were no changes in the May revision to the proposed elimination.

The Assembly Budget Subcommittee approved the rejection of the elimination of funds for both programs. The Senate Budget Committee approved the authorization of $85 million in lease-revenue bond authority for CHFFA to finance mental health facilities for both programs. Ms. Stanton reached out to Budget committee for language regarding how this structure would work. Due to these different funding approaches between the Assembly and Senate, Ms. Stanton stated that she expected these items to go to Budget Conference Committee.

Mr. Buckhorn joined the Authority meeting at 1:36 P.M.

Chairperson Brown asked where the idea of lease-revenue bonds came from.

Ms. Stanton replied that she did not know, but there are experts familiar with lease-revenue bonds within the STO and that we are waiting for the budget language for more detail and guidance.

Ms. Stanton continued that the Assembly Subcommittee and Senate Committee approved an extension of the SB 82, Investment in Mental Health Wellness grant program. She stated the Authority has seen many extension requests come before the Authority. The County Behavioral Health Director's Association asked the Legislature for additional time to allow the currently approved and funded county projects additional time, through December of 2021, to complete their projects.

Ms. Stanton added that a one-time $20 million Lifeline Grant Program was approved by Assembly Subcommittee and Senate Committee for community clinics that were negatively impacted as a result of some of the changes at the Federal level, such as changes to the Affordable Care Act resulting in fewer individuals with health insurance, reduction in Medi-Cal payments or other factors that may complicate community clinics ability to be a safety net provider. This program was an initiative by the State Treasurer. CHFFA would administer the grant program and the funding would come out of the current HELP II fund balance.

Ms. Stanton updated the Authority on the status of Assembly Member Dababneh's bill AB 1026, which modifies CHFFA's and Cal–Mortgage's statutes to allow for-profit skilled nursing homes to have access to programs that would be limited to facilities that have 60% Medi-cal residents. The bill was held in policy committee and was expected to be two-year bill with no action until January or February of next year.

Ms. Stanton reported there were no site visits this month. However, Riverside County opened its 16-bed CRT and 12-bed CSU.

Item #4 **Montecito Retirement Association**
Montecito, California, Resolution No. 427

Amy Voong, staff analyst, presented. Montecito Retirement Association ("MRA") requested an amount not to exceed $55,000,000 in variable rate and fixed rate revenue bonds (the "2017 Bonds") to (i) finance the construction of 22 new independent living units, six new personal care units, and six new memory care units, enhanced infrastructure, an updated clinic facility, a new dining venue, and road improvements, all with respect to the facilities located on the MRA's campus, and (ii) refinance the 2012 County of Santa Barbara Installment Sale Financing ("2012 Financing"). The 2012 Financing financed and refinanced the acquisition, construction, renovations, and equipping of certain health facilities located on MRA's campus.

Ms. Drew elaborated the reason for MRA's expansion and renovation was to meet the growing need of residential living units and care services.

A discussion amongst the Authority members and MRA ensued regarding MRA's licensing, financing structure, and risk associated with MRA's service model.

Attendees: Robin Drew, Vice President and Chief Financial Officer, Montecito Retirement Association; and Gary Hicks, Financial Advisor, G.L. Hicks Financial, LLC.

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

Authority Action
Motion to approve Resolution No. 427 for Montecito Retirement Association in the amount not to exceed $55,000,000.

MOTION: Member Ortega SECOND: Member Buckhorn

AYES: .....Members Sousa, Cherry, Buckhorn, Frank, Ortega, 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 2014-23
County of Fresno (2nd Funding Round)

Tom Finn, staff analyst, presented. On December 4, 2014, as part of the second funding round, the Authority approved a Final Allocation for the County of Fresno (the "County") in an amount not to exceed $3,100,714.60 to establish a 16-bed Crisis Residential Treatment ("CRT") facility.

Since approval of the grant award, the project experienced several delays. The County was previously granted an extension on February 25, 2015 to June 30, 2017 due to previous delays. The County attributed additional delays to the need to make architectural changes to the building design to reduce construction costs as original bids exceeded budgeted amounts.

The County requested the Authority approve a second amendment to Resolution Number MH 2014-23 to extend the grant period and resolution expiration date from June 30, 2017 to May 31, 2018.

With costs brought back within budget, the County executed a construction contract, and work at the site commenced. The County explained that it expects construction to be completed in December 2017 and the program to be operational by February 2018.

Attendees: Amina Flores-Becker, Division Manager, Administration, Fresno County Department of Behavioral Health and Edward Moreno, Senior Staff Analyst, Facilities, Fresno County Department of Behavioral Health

Dr. Cherry asked if the architectural design changes would affect the delivery of patient care.

Ms. Flores-Becker responded that the changes were value engineering and would not impact patient care.

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

Authority Action
Motion to approve a second amendment to Resolution No. MH 2014-23 to extend the grant period and resolution expiration date from June 30, 2017 to May 31, 2018.

MOTION: Member LoFaso SECOND: Member Ortega

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

MOTION ADOPTED.

Item #6 **Investment in Mental Health Wellness Act of 2013**
Amendment to Resolution No. MH 2015-07,
County of Kern (4th Funding Round)

Tyler Gee, staff analyst presented. On December 3, 2015, as part of the fourth funding round, the Authority approved a Final Allocation for a grant for the County of Kern (the "County") in an amount not to exceed $1,701,924 to construct a new 12-bed Crisis Stabilization Unit program ("CSU") to serve eight adults and four minors.

On December 20, 2016, the County informed the Authority that Ridgecrest Regional Hospital ("RRH") had decided to change the CSU site location to be closer to the hospital, which allows the County and RRH to provide behavioral health care and medical care in close proximity. However, this change delayed the project.

The County requested the Authority approve an amendment to Resolution Number MH 2015 07 to extend the resolution and grant period expiration date from June 30, 2017 to May 31, 2018.

The County expects construction to be completed in August 2017 and the CSU program to be operational by October 2017. Once operational, the County expects to request three months of startup costs.

Attendees: Bill Walker, Director, Kern Behavioral Health and Recovery Services; Robin Taylor, Crisis Administrator, Kern Behavioral Health and Recovery Services; and Jennifer Hinkel, President of Development, Telecare Corp.

Mrs. Taylor and Mr. Walker gave a brief overview of the County's efforts and a brief overview of the project.

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

Authority Action
Motion to approve amendment to Resolution No. MH 2015-07 to extend the grant period and resolution expiration date from June 30, 2017 to May 31, 2018.

MOTION: Member Ortega SECOND: Member LoFaso

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

MOTION ADOPTED.

Matthew Saha, staff analyst presented. On May 26, 2016, the Authority approved a Final Allocation for a grant for the County of Marin (the "County") in an amount not to exceed $946,000 to expand its existing Crisis Stabilization Unit program ("CSU") from 5 beds to 10 beds.

The County requested the Authority approve an amendment to Resolution Number MH 2016-04 to extend the grant period and resolution expiration date from December 31, 2017 to May 31, 2018.

The request for the extension of the grant period was primarily due to the project team learning that the Office of Statewide Health Planning and Development ("OSHPD") had jurisdiction over the building in which the facility is located while preparing construction documents for a permit. Because there were shared utilities between the CSU and Marin General Hospital, OSHPD had jurisdiction over any CSU construction. The County submitted documentation to OSHPD on April 3, 2017 and expects that OSHPD will issue the permit by July 2017, resulting in project completion by May 31, 2018.

Staff recommended approval of the extension.

Attendees: Kasey Clarke, Administrative Services Manager, MHSA Coordinator, Marin County Department of Health and Human Services; Betsey Swenerton, Capital Planning & Project Manager, Marin County Department of Health and Human Services; and Janice Wells, Division Director, Adult Services, Marin County Department of Human Services.

Ms. Wells, Ms. Clarke, and Ms. Swenerton provided an overview of the request from the County's perspective.

Chairperson Brown asked if there were any questions. Dr. Cherry asked if the County would be on schedule if it did not receive an OSHPD permit by July. Ms. Swenerton explained that the County felt comfortable if that were to happen and elaborated on several contingency plans.

Mr. Buckhorn asked whether the County had coordinated with the district due to a new hospital being built or whether the renovations taking place affected the County's plans. Ms. Swenerton explained that the County had worked closely with the hospital on their project planning.

Chairperson Brown asked if the County was familiar on whether the hospital was county or district owned and whether the County was familiar with the financial condition of the hospital. The County's personnel explained it was a district hospital, but they were not familiar with the hospital's finances.

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

Authority Action

Motion to approve amendment to Resolution No. MH 2016-04 to extend the grant period and resolution expiration date from December 31, 2017 to May 31, 2018.

MOTION: Member Buckhorn SECOND: Member Ortega

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

MOTION ADOPTED.

Item #8 California Health Access Model Program ("CHAMP")

Amy Voong, staff analyst, presented. On January 30, 2014, CHFFA awarded a CHAMP demonstration grant in the amount of $1,426,089 to the San Francisco Health Plan ("SFHP") to expand and evaluate an existing pilot program for high-risk, high-cost patients to improve their health outcomes and experience of care, as well as to lower costs. SFHP administered its Community Based Care Management ("CBCM") from June 1, 2014 to June 30, 2016. Within the two-year timeframe, SFHP had expanded and evaluated the impact of CBCM on 292 Medi-Cal members. Staff has not been able to conclude if SFHP's final evaluation have provided enough data to support successful replication of the CBCM demonstration project. With additional data being collected and analyzed by SFHP, staff believed it was too early to make a recommendation. Based on the information shared by SFHP, there were a number of requirements needed as well as a cultural environment to ensure successful replication that staff was not sure were available in other managed care health plans or organizations. Staff would continue to work with SFHP to get a more complete data set, to get a better understanding of community-based infrastructure needed for a successful replication of the CBCM project, and will report new findings to the Authority.

Ms. Frank requested SFHP present the current data results to provide a clearer understanding to the Authority.

Ms. Sousa commented that SFHP is more than happy to come present and, aside from the data results, the Department of Health Care Services and the State of California had proposed a similar program called Health Homes. Ms. Sousa elaborated that the Health Homes program could potentially be expanded to California's Medi-Cal program. SFHP and Partnership Health Program are currently providing the pilot data for Health Homes. Ms. Sousa reiterated that SFHP's presentation could provide a better structural background to the CBCM model, program, and data results.

Ms. Ortega seconded Ms. Frank's request that SFHP should present to the Authority the data results, program expectations, and overall lessons learned.

Mr. LoFaso asked if the new evaluation would entail more data or more clients served.

Ms. Voong confirmed the new data set would provide both more data and more clients served.

Mr. LoFaso inquired what the number of clients served was expected in SFHP's initial application. Ms. Aboubechara confirmed that SFHP's application had proposed to present data results on 300 clients.

Dr. Cherry asked if the ongoing data collection would mean that SFHP has hired additional staff. Ms. Stanton replied that staff would consult with SFHP and report back to the Authority members.

Mr. Buckhorn added that he would also like to request a more complete data set, have SFHP present its findings, and allow time for the Authority to decide on the next steps.

Item #9 No Place Like Home Program (Information Item)

Ms. Stanton introduced Zack Olmstead, Assistant Deputy Director, California Department of Housing and Community Development. Mr. Olmstead presented the Authority an overview of the No Place Like Home Program "NPLH", a $2 billion investment in housing for homeless individuals, chronic homelessness and individuals at risk of being homeless that suffer from mental illness. Under the NPLH Act, HCD is the developer, administer, and operator of the grant program. CHFFA, with the support of the STO's Public Finance Division, would issue the revenue bonds supported by tax receipts collected under Proposition 63, in one or more series.

Chairperson Brown added that the statute designated the Treasurer as a member of the advisory committee and he represents the Treasurer on the committee.

Items #10, #11, #12 Other Business/Public Comment/Adjournment

Chairperson Brown asked for public comment. Hearing none and with no additional business, the meeting adjourned at 3:34P.M.