MINUTES

California Health Facilities Financing Authority
("CHFFA")
915 Capitol Mall, Room 587
Sacramento, California 95814

February 26, 2015 – 1:30 P.M.

Deputy Treasurer, Alan Gordon, serving as Chairman, called the meeting to order at 1:31 P.M.

Roll Call

Members Present: Alan Gordon for John Chiang, State Treasurer
Alan LoFaso for Betty T. Yee, State Controller
Tom Dyer for Michael Cohen, Director of Finance
Judith N. Frank
Jay Hansen
Ann Madden Rice
Jack Buckhorn
Pedro Reyes

Member Absent: Oscar Sablan, M.D.

Chairman Gordon declared a quorum present.

Approval of the Minutes from the January 29, 2015 meeting

Chairman Gordon asked if there were any questions or public comment, there were none.

Board Action
Motion to approve the minutes from January 29, 2015 CHFFA meeting.

MOTION: Member Reyes SECONDED: Member LoFaso
AYES: .....Members Buckhorn, Reyes, Frank, Dyer, LoFaso, Gordon
NOES: .....None
ABSTAIN: ....None
RECUSE: .....None

MOTION ADOPTED

Executive Director's Report

CHFFA Fund Balances and Comprehensive Debt List Summaries

Barbara Liebert, Executive Director, submitted fund balances for the record, as of January 31, 2015, which included the California Health Access Model Program ("CHAMP") fund balance and the Comprehensive Debt Limit Summaries of CHFFA's top 14 borrowers.

Tax-Exempt Bond Delegation of Powers Monthly Update

Casa Colina Variable Rate Revenue Bonds, Series 2011. On February 11, 2015, the Executive Director executed the Second Supplemental Tax Certificate and Agreement, the IRS form 8038 and the replacement bond for a second extension to the final draw down date. STO legal counsel confirmed the action was authorized under the Tax-Exempt Bond Delegation of Powers Resolution.

HELP II Loan Program Delegation of Powers Monthly Update

No actions were taken pursuant to the HELP II Loan Program Delegation Resolution.

California Health Access Model Program (CHAMP) Update

Staff received San Francisco Health Plan's ("SFHP") status report. Staff reviewed SFHP's status report and continued to work with STO legal counsel to provide documentation to substantiate expenses claimed under the grant.

Site visit

There were no site visits to report.

Agenda Item #4 Northern California Presbyterian Homes & Services, Inc. ("NCPHS"), San Francisco, California, Resolution No. 400

Bianca Smith, staff analyst introduced representatives from NCPHS. She further reported that bond proceeds would be used to refund outstanding CHFFA 1998 Series and 2004 Series Revenue Bonds and to finance infrastructure projects at NCPHS' facilities.

Representing NCPHS: Don Meninga, Vice President of Finance; David Berg, President and Chief Executive Officer; John Woodward, Underwriter, Bank of America Merrill Lynch; Mayling Leong, Managing Associate, Orrick, Herrington & Sutcliffe.

Ann Madden Rice joined the meeting at 1:37 P.M.

Chairman Gordon asked if there were any questions or public comment, there were none.

Staff recommended the Authority approve Resolution No. 400 in an amount not to exceed $80,000,000 subject to the conditions in the resolution contingent upon Cal-Mortgage Insurance approval. Macias Gini & O'Connell, LLP, the Authority's financial analyst, and Fieldman, Rolapp & Associates, Inc., the Authority's financial advisor, concurred with the Authority's staff recommendations.

Board Action

Motion to approve Resolution No. 400 for Northern California Presbyterian Homes and Services, Inc.

MOTION: Member Reyes SECONDED: Member Buckhorn
AYES: .....Members Buckhorn, Reyes, Frank, Dyer, LoFaso, Gordon
NOES: .....None
ABSTAIN: ....None
RECUSE: .....None

MOTION ADOPTED

Jay Hansen joined the meeting at 1:41 P.M.

Agenda Item #5 Marshall Medical Center (Marshall), Placerville, California, Resolution No. 401

Paul Dulai staff analyst introduced representatives from Marshall and reported that the bond proceeds would be used to refund all or a portion of CHFFA 2004 Series A Hospital Revenue Bonds. Marshall expected a net present value savings of approximately $2.2 million over the life of the bonds.

Representing Marshall: Laurie Eldridge, Chief Financial Officer, Marshall; Ed Wohlleb, Vice President, Bank of America Merrill Lynch.

Chairman Gordon asked if there were any questions or public comment, there were none.

Staff recommended the Authority approve Resolution No. 401 in an amount not to exceed $35,000,000 subject to the conditions in the resolution, contingent upon Cal-Mortgage Insurance approval. Macias Gini & O'Connell, LLP, the Authority's financial analyst, and Fieldman, Rolapp & Associates, Inc., the Authority's financial advisor, concurred with the Authority's staff recommendations.

Board Action
Motion to approve Resolution No. 401 for Marshall Medical Center.

MOTION: Member Buckhorn SECONDED: Member Reyes
AYES: .....Members Buckhorn, Rice, Hansen, Reyes, Frank, Dyer, LoFaso, Gordon
NOES: .....None
ABSTAIN: ....None
RECUSE: .....None

MOTION ADOPTED

Agenda Item #6 OPARC, Montclair, California, Amendment to Resolution No. HII-288

Paul Dulai, staff analyst introduced OPARC's representative and reported OPARC requested the Authority to liberate its Upland property from the Authority's security requirement to allow OPARC to keep the Upland property free of liens and save money on recording fees. The Montclair property alone would meet the Authority's loan to value requirements. Staff recommended approval of the Montclair property as sole collateral given the recent appraisal confirming its fair market value.

Representing OPARC via teleconference: Andrea Erickson, Chief Executive Officer.

Chairman Gordon asked if there were any questions or public comment, there were none.

Staff recommended the Authority approve the Amendment to Resolution No. HII-288 to remove the condition of a first lien position on the real property located at 436 S. Sultana Avenue, Upland, California. All other conditions in the Resolution remained the same and in full effect.

Board Action
Motion to approve Amendment to Resolution No. HII-288 for OPARC to remove the condition of a first lien position on the real property located at 436 S. Sultana Avenue, Upland, California.

MOTION: Member LoFaso SECONDED: Member Buckhorn
AYES: .....Members Buckhorn, Rice, Hansen, Reyes, Frank, Dyer, LoFaso, Gordon
NOES: .....None
ABSTAIN: ....None
RECUSE: .....None

MOTION ADOPTED

Ms. Frank recused herself from agenda items 7, 8, and 9, due to her consulting work for Los Angeles County and past consulting work for Santa Clara County.

Agenda Item #7 Adopt Amendments to the Regulations for the Investment in Mental Health Wellness Act of 2013 Grant Program, Resolution No. 2015-02

Ms. Liebert reported that staff seeks to amend the existing Investment in Mental Health Wellness Act of 2013 grant program regulations to clarify that private non-profit corporations may hold title to real property acquired for purposes of establishing crisis residential and crisis stabilization programs. The amendments list the conditions that would apply in the event counties designated private non-profit corporations for the receipt of grant funds for the purchase of real property.

Staff recommended the Authority approve the proposed amendments to the Program's regulations and authorize rulemaking proceedings.

A discussion ensued that resulted in adding additional language to the draft regulation amendments to allow the Authority to take steps to recover real property in the event the county fails to timely to do so.

Chairman Gordon asked for public comment and there was none.

Board Action
Motion to adopt Resolution No. 2015-02 to amend regulations for the Investment in Mental Health Wellness Act of 2013 Grant Program.

MOTION: Member Reyes SECONDED: Member LoFaso
AYES: .....Members Buckhorn, Rice, Hansen, Reyes, Dyer, LoFaso, Gordon
NOES: .....None
ABSTAIN: ....None
RECUSE: .....Member Frank

MOTION ADOPTED

Agenda Item #8 Investment in Mental Health Wellness Act of 2013, Amendment to Resolution Number MH 2014-25 (Sacramento County)

Brock Lewis, staff analyst, introduced Sacramento County's representative and reported that Sacramento County requested to amend the project description of its Crisis Residential Treatment Program to allow grant funds to be used for real property acquisition, and a designated non-profit service provider to hold title to the real property. Disbursement of grant funds to the non-profit service provider would be subject to the additional provisions of the Grant Agreement.

Representing Sacramento County: Jane Ann LeBlanc, Mental Health Services Act Program Manager of Sacramento County.

Ms. LeBlanc had a lengthy discussion with Authority members regarding Sacramento County's project.

Chairman Gordon asked if there were any questions or public comment, there were none.

Staff recommended the Authority approve the Amendment to Resolution No. MH 2014-25 to revise the project description and the grant agreement. All other conditions in the Resolution remained the same and in full effect.

Board Action

Motion to approve Amendment to Resolution No. MH 2015-15 (Sacramento County) to revise the project description and the grant agreement.

MOTION: Member Reyes SECONDED: Rice
AYES: .....Members Buckhorn, Rice, Hansen, Reyes, Dyer, LoFaso, Gordon
NOES: .....None
ABSTAIN: ....None
RECUSE: .....Member Frank

MOTION ADOPTED

Agenda Item #9 Investment in Mental Health Wellness Grant Program, Amendment to Resolution Nos. MH 2014-01 to MH 2014-10 MH 2014-12, MH 2014-14, MH 2014-16, MH 2014-17, MH 2014-19, MH 2014-21, MH 2014-22, MH 2014-24 MH 2014-25, MH 2014-27

Carolyn Aboubechara, staff analyst reported that initially staff had recommended changing all resolution expiration dates until June 30, 2016 for consistency.

Given the feedback received from at least one Authority member, staff adjusted their recommendation as follows: To extend the resolution expiration dates of all grants awarded in the first funding round with an expiration date in 2015 to December 31, 2015.

Nevertheless, counties would still be required to adhere to their initial project completion dates.

Staff will revisit this issue in November or December of 2015 and come before the Authority for additional extensions if needed.

Therefore, staff recommended the Authority approve amendments to Resolution Nos.: MH 2014-02, MH 2014-03, MH 2014-04, MH 2014-05, MH 2014-07, MH 2014-08, MH 2014-09, MH 2014-10, MH 2014-14, MH 2014-17, MH 2014-19, MH 2014-21, MH 2014-22 to extend the expiration dates of the aforementioned resolutions to December 31, 2015. All other conditions in the resolutions remained the same and in full effect.

Chairman Gordon asked if there were any questions or public comment. There were none.

Board Action

Motion to approve Amendment to Resolution Nos. MH 2014-02, MH 2014-03, MH 2014-04, MH 2014-05, MH 2014-07, MH 2014-08, MH 2014-09, MH 2014-10, MH 2014-14, MH 2014-17, MH 2014-19, MH 2014-21, MH 2014-22 to extend the expiration dates of the aforementioned resolutions to December 31, 2015.

MOTION: Member Reyes SECONDED: Member Buckhorn
AYES: .....Members Buckhorn, Rice, Hansen, Reyes, Dyer, LoFaso, Gordon
NOES: .....None
ABSTAIN: ....None
RECUSE: .....Member Frank

MOTION ADOPTED

Agenda Item #10 Resolution Authorizing Authority Staff to Pursue Legislative Approval for CHAMP II Grant Program, Resolution No. 2015-03

Ms. Liebert reported that this item could proceed as an information item depending upon the preference of the Authority. Ms. Liebert continued to report that staff would like to get authorization for a new grant program (CHAMP II) to embark on a second competitive effort to find and support innovative providers that worked on ways to deliver health care to California's more vulnerable and underserved populations. The concept staff brought to the Authority involved staff working with the State Treasurer to pursue legislative approval for up to $1.5 million in funds from CHFFA's HELP II fund balance to support a demonstration project designed to advance the innovative delivery of health care to underserved and vulnerable populations throughout California with up to an additional $5,000,000 for statewide implementation of the demonstration project and ability to demonstrate cost savings, improved clinical outcomes and a sustainable state wide model.

Staff would like authority to utilize up to $6.5 million of the Authority's HELP II Fund balance for a second CHAMP grant program. Staff identified potential authors and placeholder language had been introduced to the Legislature. The amount would come from CHFFA's HELP II Loan Program Fund.

Mr. Buckhorn stated that he preferred to not act on this item until more information could be obtained.

Mr. Reyes stated he recommended staff to consult with all interested parties prior to taking action and to keep this agenda item as an information item at this time.

Chaiman Gordon expressed the consensus of the Authority that the Authority would only discuss the item and not move forward with an action.

A discussion ensued about the structure and process of the new grant program and the HELP II program. The Authority directed staff to analyze the HELP II program and whether any changes should be recommended for that program in addition to continued exploration of the second CHAMP grant program.

Mrs. Rice left the meeting at 2:37 P.M.

Agenda Item #11 Investment in Mental Health Wellness Act of 2013, Grant Funding Progress

Ms. Liebert introduced, Robert Oakes, Executive Director, County Behavioral Health Directors Association of California and Diane Van Maren, Independent Policy Consultant.

Ms. Liebert reported that after two funding rounds of the Investment in Mental Health Wellness Grant Program (IMHWGP), CHFFA has approximately $61 million in grant program funds remaining and available for subsequent funding rounds, primarily for the Crisis Residential Treatment programs. At the January 29, 2015 Authority meeting, there was a roundtable discussion to determine the next steps for the IMHWGP. The Authority decided to wait for survey questionnaire results that were sent by the County Behavioral Health Directors Association of California to the 52 counties in California to determine the counties' needs.

A summary of the results were presented in a report to help the Authority address the remaining grant program funds.

A discussion ensued about the survey results.

Ms. Van Maren explained the difficulties of creating a crisis residential program and the great need for them. She also mentioned that a key finding of the survey was that many counties still have a need for crisis stabilization funds, which have been almost depleted. She mentioned the demand for a peer support stabilization program, which is another model that is less urgent than crisis stabilization that can be sustained. Mr. Oakes clarified that it is also called peer respite program (a cheaper, evidenced based crisis stabilization model with certified people with lived experiences and not clinical professionals). Mr. Oakes explained that the peer respite program would be beneficial to the smaller counties.

Ms. Van Maren suggested that the Authority may want to consider getting approval to move a portion of the crisis residential funds to crisis stabilization.

Mr. Buckhorn expressed that he would like to see the funds utilized by more counties that have not applied and have not been successful in developing programs.

Mr. Reyes left the meeting at 2:53 P.M.

Agenda Item #12 Children's Hospital Program Annual Reports to the Legislature

Janae Davis, staff analyst, introduced Ann-Louise Kuhns, President and Chief Executive Officer of the California Children's Hospital Association. Ms. Davis reported that the 2014 Annual Reports of Children's Hospital Program of 2004 (Proposition 61) and the Children's Hospital Program of 2008 (Proposition 3) were submitted to the Assembly, Senate, Legislative Counsel, and the Department of Finance.

Over approximately $68 million remains available to Loma Linda University Children's Hospital through the Children's Hospital Program of 2004 and approximately $304 million remains available to eight hospitals through the Children's Hospital Program of 2008.Details were in the reports provided to the Authority members.

Agenda Item #13 HELP II Loan Program Bi-Annual Report

Rosalind Brewer, Program Manager presented the HELP II Loan Program Semi Annual Report.

Mr. Buckhorn recommended staff explore whether CHFFA could give eligible borrowers lower interest rates.

Ms. Frank stated she would like the HELP II Loan Program to be re-examined with new ideas.

Mr. Hansen stated he wished to explore the opportunity for for-profit providers to be eligible under CHFFA's statute for the HELP II loan program.

Agenda Item #14, 15, 16 Other Business/Public Comment/Adjournment

Ms. Liebert noted the article, "Firebaugh Doctor Received Statewide Honor for Decades in Rural Health Care" regarding Authority member Dr. Sablan.

Ms. Liebert also clarified that the next meeting is tentatively scheduled on March 26, 2015.

Chairman Gordon asked for public comment. Hearing none and with no additional business, the meeting was adjourned at 3:29 P.M.