MINUTES

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

Alternate Location for CHFFA Teleconference Participation:

California Coastal Commission
Ventura District Office
89 So. California St., Suite 200
Ventura, California 93001-2801

October 30, 2014 - 2:00 P.M.

Deputy Treasurer, Michael Paparian, Chairman, called the meeting to order at 2:11 P.M.

Roll Call

Members Present:	Michael Paparian for Bill Lockyer, State Treasurer
	Barbara Liebert for John Chiang, State Controller
	Eraina Ortega for Michael Cohen, Director of Finance
	Judith Frank
	Jay Hansen
	Ann Madden Rice
	Dr. Oscar Sablan
	Pedro Reyes via teleconference
Member Absent:	Jack Buckhorn

Chairman Paparian declared a quorum present.

Approval of the Minutes from the September 25, 2014 Meeting
Mrs. Rice moved approval of the September 25, 2014 meeting minutes, Ms. Liebert seconded the motion. The motion was adopted with a 6-aye roll call vote; Pedro Reyes and Jay Hansen abstained.

Executive Director's Report (Information Item)
Mr. Washington reported on the CHFFA Fund Balances and the Comprehensive Debt List Summaries from June 2014 through September 2014. Mr. Washington stated the July 31, 2014 California Health Access Model Program (CHAMP) revised fund balance of $6,168,428 reflected the first disbursement to the San Francisco Health Plan.

Tax-Exempt Bond Delegation of Powers Monthly Update

Internal Revenue Service (IRS) Examination of Revenue Bonds (Stanford Hospital & Clinics), 2006 Series A-1, 2006 Series A-2, 2006 Series A-3, 2006 Series B-1 and 2006 Series B-2.

In September 2014, the IRS notified CHFFA the Stanford 2006 Series A-1, A-2. A-3, 2006 Series B-1, and 2006 Series B-2 bond transaction was selected for an examination. In-house counsel confirmed the actions fell within the Executive Director's delegated authority. The Executive Director executed an Engagement Letter and a Common Interest Agreement on October 13, 2014 retaining and authorizing Orrick, Herrington, and Sutcliffe, LLP to respond to the IRS examination on behalf of CHFFA and Stanford Hospital and Clinics.

Mr. Reyes inquired as to why Orrick, Herrington & Sutcliffe, LLP was chosen and what was the basis to contract with CHFFA.

Mr. Washington replied that the firm had served as bond counsel and tax counsel on the transaction. George Wolf, Tax Partner of Orrick, Herrington & Sutcliffe, LLP replied he was the tax counsel responsible for the Stanford Hospital & Clinics transaction.

HELP II Loan Program Delegation of Powers Monthly Update

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

Authority Meeting Dates for the Calendar Year 2015

Mr. Washington reported on the Authority meeting dates for calendar year 2015.

California Health Access Model Program ("CHAMP") Update

Mr. Washington reported the San Francisco Health Plan (SFHP) was coordinating a site visit and presentation to the Authority and staff. SFHP provided staff a proposed agenda for the site visit.

Investment in Mental Health Wellness ("IMHW") Grant Program Update

Mr. Washington reported that all counties that received First Funding Round awards were working toward project readiness and all counties have gone to their Board of Supervisors for approval with the exception of Los Angeles County. Los Angeles County was working on entering into a lease agreement with its service providers and the owners of the proposed facilities. In addition, a disbursement was made to Yolo County.

Mr. Washington reported CHFFA received five applications for the Second Funding Round. Staff was in the final process of scoring the applications. The counties will be provided with Initial Allocation letters. Staff will provide recommendations to the Authority for Final Allocations on December 4, 2014. Applicants for the Second Funding Round are San Bernardino, Fresno, Sacramento, San Joaquin, and Merced, which has a collaborated effort with surrounding counties.

Ms. Liebert inquired as to whether the application requests were for crisis residential funding.

Mr. Washington replied most of the applications were for crisis residential funding. At the December 4, 2014 Authority meeting, staff will provide an information item on updates on the First and Second Funding Rounds that will include how much has been allocated and how the funding has been distributed among counties. Three regions including the Southern Region, Bay Area Region and Central Region have significant funding remaining.

Ms. Liebert asked Mr. Washington to report back to the Authority about whether there was sufficient time to make adjustments to the regulations to create a statewide competition or if CHFFA should wait for the June 2016 date.

Mr. Washington replied that by the December 4th Authority meeting, staff should have a sense of whether a legislative fix is possible and what crisis residential funding remains. Ms. Ortega suggested CHFFA consider waiting to go out for the third funding round in January. Ms. Liebert stated the solution may be a legislative fix, enabling funding to be moved from crisis residential to crisis stabilization in order to address the amount of mental health crisis in the emergency rooms.

Ms. Frank offered the demand for crisis residential may be there, but the regulations may prohibit counties from accessing the funding. Zoning and permitting battles are obstacles in developing crisis residential and stabilization projects. Dr. Sablan agreed with Ms. Frank's concern.

Chairman Paparian stated there would be a discussion of various options at the December 4, 2014 Authority meeting.

Mr. Washington announced Janae Davis' promotion to Grant Program Manager.

Item #4 Rady Children's Hospital – San Diego (RCHSD), San Diego, California
Resolution No. CHP-3 2014-02

Mrs. Rice recused herself from the agenda item out of an abundance of caution due to her affiliation with the University of California.

Jim Rennie, staff analyst, reported RCHSD requested grant funds in the amount of $18,672,142 to reimburse the cost of renovating and equipping three floors of a medical office building known as the Rady Children's Health Services – Developmental and Behavioral Sciences building and the cost of acquiring patient care equipment that would be located on the hospital's main campus.

Representing Rady Children's Hospital – San Diego via telephone: Barbara Ryan, Vice President of Government Affairs and Lisa Lomas, Coordinator of Government Grants.

Mr. Hansen asked if the project utilized prevailing wage workers.

Barbara Ryan, Vice President of Government Affairs at RCHSD replied affirmatively.

Mr. Hansen inquired how much uncompensated care the hospital provided.

Lisa Lomas, Coordinator of Government Grants at Rady Children's Hospital, referred back to the $3.9 million to charity care figure reported in the staff report.

Staff recommended the Authority approve Resolution No. CHP-3 2014-02 for Rady Children's Hospital – San Diego to provide a grant not to exceed $18,672,142 (less costs of issuance and administrative costs) subject to all requirements of the Children's Hospital Program of 2008.

Chairman Paparian asked for questions or public comment. Hearing none, Mr. Reyes moved approval of Resolution No. CHP-3 2014-02, Ms. Ortega seconded the motion. The motion was adopted with a 7-aye roll call vote.

Item #5 Creative Alternative for Learning and Living, Inc. ("CALL"), Atascadero, California, Resolution No. HII-287

Brock Lewis, staff analyst, introduced the representatives from CALL. CALL requested HELP II loan proceeds to refinance a loan that was used to purchase land and a residential home in order to provide support services for adults with developmental disabilities.

Representing Creative Alternative for Learning and Living, Inc.: Dustie Kaczmarek, Director and Michele Morris, Office Manager.

Dr. Sablan inquired about the age range being served: 18-59 plus.

Ms. Kaczmarek responded the 59 plus age does not do well in a normal elderly facility setting.

Mr. Hansen inquired who provided the worker compensation insurance.

Ms. Morris replied Berkshire Hathaway. CALL's staff was provided pre-employment training, which reduced injuries.

Ms. Frank inquired as to who were the conservators for the patients' social security.

Ms. Morris replied the parents receive the patient's social security and pay CALL's fees.

Staff recommended approval of Resolution No. HII-287 for Creative Alternative for Learning and Living, Inc. in an amount not to exceed $220,000 for a term not to exceed 15 years, contingent upon financing terms acceptable to the Authority. Macias Gini & O'Connell, LLP, the Authority's financial analysis, concurred with staff recommendation.

Chairman Paparian asked if there were any questions or public comment. Hearing none, Mr. Hansen moved approval of Resolution No. HII-287, Ms. Ortega seconded the motion. The motion was adopted with an 8-aye roll call vote.

Item #6 **HELP II Loan Program**

Six Rivers Planned Parenthood, Eureka, California

Margrit Lockett, staff analyst, presented Six Rivers Planned Parenthood now known as Six Rivers Inc. On July 9, 2014 the borrower notified the Authority that Six Rivers, Inc. would cease providing health services at the end of July 2014 and changed its name from Six Rivers Planned Parenthood to Six Rivers, Inc. It was no longer a qualified health facility pursuant to Government Code section 15432(d).

Staff recommended the Authority authorize the Executive Director to issue a notice of default to the borrower for each HELP II Loan to be paid in full.

Mr. Hansen asked if we asked the borrower to pay the loan.

Ms. Lockett replied that Six Rivers conveyed they would prefer to keep the loan, but would be able to pay off the loans if they received a letter to do so from CHFFA. Six Rivers was waiting for reimbursements from the State of California in the amount of $400,000. In addition, there were endowment funds that could be accessed to pay off the loans.

Chairman Paparian asked if there were any questions or public comment. Hearing none, Mr. Hansen moved approval, Ms. Liebert seconded the motion. The motion was adopted with an 8-aye roll call vote.

Item #7, 8, and 9 **Other Business/Public Comment/Adjournment**

Chairman Paparian asked for public comment. Hearing none and with no additional business, the meeting was adjourned at 2:49 P.M.