MINUTES

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

June 26, 2014 – 1:30 P.M.

Deputy Treasurer Michael Paparian, serving as Chairman, called the meeting to order at 1:33 P.M.

Roll Call

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

Chairman Paparian declared a quorum present.

Approval of the Minutes from the April 24, 2014 and the May 29, 2014 meetings (Action Item)
Mr. Reyes moved approval of the April 24, 2014 meeting minutes; Ms. Holton-Hodson seconded the motion. The motion was adopted with a 6-aye vote.

Barbara Liebert, Executive Director, reported a correction to the May 29th minutes. On page three, item #5, last paragraph, the language "and Santa Barbara" was stricken. Mr. Reyes moved approval of the May 29, 2014 meeting minutes as revised; Ms. Holton-Hodson seconded the motion. The motion was adopted with a 6-aye vote.

Ms. Holton-Hodson announced she was retiring and since Ms. Liebert had done such a good job at CHFFA, the State Controller appointed Ms. Liebert to replace Ms. Holton-Hodson as the Deputy Controller for Health Policy.

Chairman Paparian announced Ronald Washington, Executive Director of the California Educational Financing Authority ("CEFA"), would be appointed as CHFFA's Executive Director while he continued to work for CEFA.

Ms. Liebert thanked the board members and staff for the nice words, vote of confidence, and support given to her over the last seven years, which have allowed CHFFA to do great things.

Executive Director's Report (Information Item)
Ms. Liebert submitted the CHFFA Fund Balances for the record and the Comprehensive Debt List Summaries of CHFFA's top 14 borrowers.

Ms. Liebert reported the Cedillo-Alarcón Clinic Grant and Anthem-WellPoint Grant Fund balances were low and staff was exploring various options to utilize the remaining funds with the Insurance Commissioner. Staff would provide an update at a future board meeting.

*Jay Hansen and *Ann Madden Rice joined the meeting at approximately 1:37 P.M.

Tax-Exempt Bond Delegation of Powers Monthly Update
Catholic Healthcare West (Dignity Health ("DH")), Series 2009D and Series 2009F. DH requested CHFFA to execute a Certificate of Redemption for CHFFA Variable Rate Revenue Bonds for Series 2009D and 2009F. CHFFA's Issuer's Counsel, the Office of the Attorney General, reviewed the request for the execution of the certificate and confirmed the proposed action fell within CHFFA's delegation resolution.

Kaiser Permanente ("Kaiser"), Series 2011A, Series 2011B, Series 2011C and Series 2011D. Kaiser asked CHFFA to execute an Instrument of Resignation, Appointment and Acceptance to effectuate the removal of The Bank of New York Mellon Trust Company, N.A. as the current bond trustee and to appoint Wilmington Trust, National Association as the successor trustee. CHFFA's legal counsel reviewed the request for the execution of the instrument and confirmed the proposed action fell within CHFFA's delegation resolution.

Marshall Medical Center ("Marshall"), Series 2012. Marshall asked CHFFA to sign a Beneficiary Statement to allow for the real property merger of 30 contiguous parcels of land. CHFFA's legal counsel and CHFFA's Issuer's Counsel, the Office of the Attorney General, reviewed the Beneficiary Statement and confirmed the proposed action fell within CHFFA's delegation resolution.

HELP II Loan Program Delegation of Powers Monthly Update
No delegated actions were taken pursuant to the Delegation of Power resolution.

Investment in Mental Health Wellness Grant Program Update
Ms. Liebert reported CHFFA staff held another application webinar for the second funding round. The next funding round will open July 14, 2014 and close 5 P.M., September 15, 2014 (PDT).

Ms. Liebert also reported staff expects signed grant agreements from the counties for the first funding round by the end of July. The signed grant agreements must be received before any money disbursements.

In addition, staff continues to work with the Mental Health Director's Association to provide assistance to the counties that did not apply or did not score well in the first funding round.

California Health Access Model Program ("CHAMP") Update

Ms. Liebert reported the Chief Medical Officer transitioned over to the California Healthcare Foundation. Therefore, staff met with the new and existing team for the San Francisco Health Plan (SF Health Plan) to obtain reassurance that the demonstration program was still moving forward as planned. SF Health Plan remained motivated and excited over the demonstration program. SF Health Plan reported the infrastructure was in place. At this point, CHFFA has not received a signed grant agreement yet but was expected shortly. CHFFA cannot release funds until CHFFA has receipt of an executed grant agreement. SF Health Plan's progress report is due to CHFFA in 45 days after the end of this fiscal year.

HELP II Loan Program

Ms. Liebert reported the HELP II Loan Program's balance was approximately $20,000,000. The high balance was due to borrowers making loan payments as well as a pause in financings due to the rates in the commercial market were competitive with CHFFA's rates.

Ms. Liebert also reported that staff continues to market the program. Staff has been working on a marketing plan to develop ideas that would generate more interest in the program. A presentation would be given to the board at a later board meeting.

Ms. Liebert and Rosalind Brewer, Deputy Executive Director of CEFA/CHFFA would visit the Community Grants Department at Dignity Health in San Francisco to explore innovative ways in grant making.

Item #4 Providence Health System – Southern California, Santa Monica, California ("PHS – Southern California"), Resolution No. 397 (Action Item)

Brock Lewis, staff analyst, stated PHS – Southern California requested the issuance of bonds to secure permanent financing for the acquisition of the St. John's Health Center facility. Bond proceeds would be used to refinance a portion of the $186 million in taxable commercial paper that was originally used to finance the acquisition of Saint John's Health Center. The remaining balance would be paid by PHS – Southern California's operational cash.

Representing PHS – Southern California: Sue Painter, Vice President/Treasurer; Alitha Jenkins, PHS' In-house Counsel; Karl Carrier, Retired California Chief Financial Officer; Kenneth Vallrugo, Underwriter, Bank of America Merrill Lynch; and Mary Kimura, Bond Counsel, Sidley Austin.

Staff recommended the Authority approve Resolution No. 397 in an amount not to exceed $150,000,000, subject to the conditions in the resolution, including a rating of at least investment grade by a nationally recognized rating agency. Macias Gini & O'Connell, LLP, the Authority's financial analyst, and Fieldman Rolapp & Associates, the Authority's financial advisor, concurred with the Authority's staff recommendation.

Chairman Paparian asked if there were any questions or public comment. Hearing none, Ms. Holton-Hodson moved approval of Resolution No. 397, Ms. Frank seconded the motion. The motion was adopted with an 8-Aye vote.

Ms. Frank recused herself from the next agenda item and declared she has a conflict of interest arising out of the consulting work she provides to the Los Angeles County.

Item #5 County of Monterey ("Monterey"), Behavioral Health Bureau, Salinas, California, Resolution No. MH 2014-10 (Action Item)

Janae Davis, staff analyst, stated Monterey requested approval of a Final Allocation grant recommended by staff. Monterey initially did not receive an initial allocation for both capital and personnel funding. Subsequently, capital funds became available and Monterey since identified a seemingly feasible and sustainable funding mechanism for the scaled back project. Monterey would acquire and deploy five (5) Mobile Crisis Support vehicles that would be staffed by three (3) county-funded and newly created crisis intervention specialist positions, as well as existing crisis supervisors and staff. Monterey's new Mobile Crisis Support program was designed to serve children, adults and families experiencing a psychiatric crisis who are at risk of hospital, emergency room, or law enforcement intervention. Monterey estimated there would be a reduction in hospital utilization rates, and a reduction in law enforcement resources spent on mental health crises.

Representing Monterey County via telephone: Robert Jackson, Program Manager, Monterey County Behavioral Health Bureau.

Summary of Amounts:

Program	Amounts Requested	Eligible Amounts	Initial Allocation	Expected Federal Financial Participation
Mobile Crisis Capital	$ 446,672.00	$ 231,692.00	$ 193,615.80	
Mobile Crisis Personnel	$ 1,757,346.00	$ 467,576.18	$ 0.00	$ 324,925.82
Total	$ 2,204,018.00	$ 699,268.18	$ 193,615.80	

Staff recommended the Final Allocation not to exceed amounts displayed in the above table for Monterey County.

Chairman Paparian asked if there were any questions or public comment. Hearing none, Mr. Hansen moved approval of Resolution No. MH 2014-10, Ms. Holton-Hudson seconded the motion. The motion was adopted with a 7-Aye vote.

Agenda Item #6 Amendment to Resolution No. HII-191, Strategies for Change ("SFC"), Sacramento, California (Action Item)

Paul Dulai, staff analyst, reported SFC requested to refinance its underlying first loan. In order to refinance the underlying first, SFC must obtain the Authority's approval to again subordinate its loan in favor of another lender.

Staff recommended approval of the subordination.

Representing SFC: Noah Baygell, SFC's Board Treasurer.

Chairman Paparian asked if there were any questions or public comment. Hearing none, Mr. Reyes moved approval of Amendment to Resolution No. HII-191, Mr. Hansen seconded the motion. The motion was adopted with a 8-Aye vote.

Agenda Item #7 **Annual Tax-Exempt Bond Fee Reduction Analysis (Information Item)**

Ms. Liebert reported that on March 29, 2012, the Authority approved various fee reductions for its tax bond program. Staff had agreed to revisit the fee schedule in one year and annually thereafter to evaluate the impact of these changes. CHFFA's financial advisor, Fieldman, Rolapp and Associates ("Fieldman") prepared an updated fee reduction analysis and determined that the Authority's fund balance appeared not to have been meaningfully impacted since the fee reduction went into place. In addition, present day projections remained similar to the 2012 projections. Dan Wiles of Fieldman was present to explain the charts that were included in the board packet, to provide more detail and to answer questions.

Item #8 #9, #10 **Other Business/Public Comment/Adjournment**

Chairman Paparian asked for public comment. Hearing none and with no additional business, the meeting was adjourned at 2:18 P.M.