

MINUTES
California Health Facilities Financing Authority
(“CHFFA” or “Authority”)
915 Capitol Mall, Room 587
Sacramento, California 95814
March 23, 2017 – 1:30 P.M.

Alternate Location for CHFFA Teleconference Participation
Asset Strategies
500 S. Figueroa Street
Los Angeles, California 90071-1705

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

OPEN SESSION

Deputy Treasurer, Steve Juarez, serving as Chairperson, called the meeting to order at 1:30 P.M.

ROLL CALL

Members Present: Steve Juarez 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
Robert Cherry, M.D.
Oscar Sablan, M.D.
Jay Hansen
Sumi Sousa

Chairperson Juarez declared a quorum present.

Chairperson Juarez 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.

Approval of the Minutes from the February 23, 2017 Meeting

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

Authority Action

Motion to approve the minutes from the February 23, 2017 meeting.

MOTION: Member Ortega SECOND: Member Sousa

AYES: Sousa, Sablan, Cherry, Buckhorn, Frank, Ortega, LoFaso, Juarez

NOES: NONE

ABSTAIN: NONE

RECUSE: NONE

MOTION ADOPTED.

Executive Director's Report

Diane Stanton, Executive Director, introduced CHFFA's new board member Dr. Robert Cherry, Chief Medical and Quality Officer and trauma surgeon from UCLA Health. Dr. Cherry is the Senate Rules Committee's appointee replacing Ann Madden Rice.

CHFFA Fund Balances and Comprehensive Debt List Summaries

Ms. Stanton reported the financials as of February 28, 2017 and the comprehensive debt list summary. Ms. Stanton reported there was an increase of \$15 million in the Investment in Mental Health Wellness Fund balance of which \$11 million (Mental Health Services Act "MHSA" funds) was appropriated to the Authority in the 2016-17 budget, specifically for the children and youth, and \$4 million (MHSA funds) for a fourth year of personnel funding that nine counties were eligible for.

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

Family Care Network, Inc. ("FCN"): CHFFA approved a HELP II loan in the amount of \$1,300,000 for FCN to secure a 2nd lien position on real property in San Luis Obispo. JPMorgan Chase Bank, N.A. ("JP Morgan Chase") held the 1st lien position as security for a \$3,300,000 loan. FNC sought to refinance the JPMorgan Chase loan with Wells Fargo Bank, N.A. ("Wells Fargo"). Wells Fargo requested the 1st lien position held by JPMorgan Chase. CHFFA's 2nd lien position would remain the same. FNC also sought to borrow approximately \$900,000 from Wells Fargo to purchase real property. FNC requested CHFFA approve the \$900,000 in additional debt and execute a subordination agreement to refinance the JPMorgan Chase loan with Wells Fargo.

CHFFA's in-house counsel reviewed the request for the execution of the subordination agreement and confirmed the proposed action fell within CHFFA's HELP II Loan Program's delegation resolution. The Executive Director approved the additional debt and executed the subordination agreement on February 21, 2017.

HELP II Loan Program Update

CHFFA staff plan to send letters to borrowers informing them about the new on-line option to submit their payments.

Legislative Update

Ms. Stanton announced there was a Senate Budget Subcommittee for Health meeting scheduled for March 30, 2017. CHFFA staff would provide an update on the Investment in Mental Health Wellness Grant Program's ("IMHWGP") projects and programs, which included an update regarding Senate Bill 82 and projects in progress or currently operational.

Discussion during the meeting will include reversion of funding for the Children and Youth IMHWGP from the \$27 million appropriated in the 2016-17 budget to the \$11 million proposed in the 2017-18 budget. The \$27 million funding level came with goals of adding 200 beds and 125 vehicles. Since funding level would determine achievable goals, statutory changes would be necessary to adjust the goals based on the proposed funding reduction.

MOTION: Member Ortega SECOND: Member LoFaso

AYES: Sousa, Buckhorn, Sablan, Cherry, Hansen, Frank, Ortega, LoFaso, Juarez

NOES: NONE

ABSTAIN: NONE

RECUSE: NONE

MOTION ADOPTED.

CLOSED SESSION

Closed session began at 2:14 P.M.

Item #9 Pending 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)(1)

OPEN SESSION

Open session resumed at 2:36 P.M.

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

Chairperson Juarez asked for public comment. Hearing none and with no additional business, the meeting adjourned at 2:42 P.M.