MINUTES

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

Sacramento, California 95814

April 26, 2018 – 1:30 P.M.

Alternate Locations for CHFFA Teleconference Participation

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

Sablan Law 400 West Yosemite Ave. Madera, CA 93637

Hilton, San Diego Resort and Spa 1775 East Mission Bay Dr. San Diego, CA 92109

Public Participation

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

OPEN SESSION

Deputy Treasurer, Vincent P. Brown, serving as Chairperson, called the meeting to order at 1:35 P.M. Upon opening the meeting, Chairperson Brown turned over the meeting to the new Chairperson for the Authority, Deputy Treasurer, Ruth Holton-Hodson.

Chairperson Holton-Hodson 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 #1 **Roll Call**

Members Present: Ruth Holton-Hodson for John Chiang, Chairperson, State Treasurer Alan LoFaso for Betty T. Yee, Vice Chairperson, State Controller

Jacqueline Wong-Hernandez for Michael Cohen, Director, Department of Finance

Judith N. Frank

Oscar Sablan, M.D. – via teleconference Jack Buckhorn – via teleconference Sumi Sousa – via teleconference

Members Absent:

Jay Hansen

Robert Cherry, M.D.

Chairperson Holton-Hodson declared a quorum present.

Item #2

Approval of the Minutes from the February 22, 2018 and March 13, 2018 Authority Meetings

Chairperson Holton-Hodson asked if there were any changes, questions or public comment; there were none.

Authority Action

Motion to approve the minutes from the February 22, 2018 meeting.

MOTION: Member LoFaso SECOND: Member Frank

AYES:Members: Sousa, Buckhorn, Frank, Wong-Hernandez, LoFaso, Holton-Hodson

NOES:NONE ABSTAIN:NONE RECUSE:NONE

MOTION ADOPTED.

Authority Action

Motion to approve the minutes from the March 13, 2018 meeting.

MOTION: Member LoFaso SECOND: Member Frank

AYES:Members: Sousa, Buckhorn, Frank, Wong-Hernandez, LoFaso, Holton-Hodson

NOES:.....NONE ABSTAIN:....NONE RECUSE:.....NONE

Member Dr. Oscar Sablan joined the meeting via teleconference at 1:48 P.M.

Item #3

Executive Director's Report

CHFFA Fund Balances and Comprehensive Debt List Summaries

Ronald Washington, Executive Director, reported the CHFFA fund balances, and the outstanding debt information as of February 28, 2018 and March 31, 2018.

Mr. Washington introduced a new member of CHFFA, Ryan Stewart, staff analyst and Ravi Kapoor, new senior staff attorney.

Tax-Exempt Bonds Delegation of Powers Monthly Update

No action was taken pursuant to the Tax-Exempt Bond Delegation of Powers Resolution.

HELP II Loan Program Delegation of Powers Monthly Update

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

Legislative Updates

Mr. Washington gave a brief overview of the Legislative Updates for Lifeline Grant Program, the Investment in Mental Health Wellness Act of 2013 Grant Program, the Children and Youth Investment in Mental Health Wellness Grant Program, the Community Services Infrastructure Grant Program, and the No Place Like Home Program. Additionally. Mr. Washington reported that SB 1206 was introduced on February 15, 2018. It would enact the No Place Like Home Act of 2018 and provide for submission of that Act to the voters at the November 6, 2018 statewide general election.

Mr. Washington gave a brief update on the Children's Hospital Program. Mr. Washington reported an update on four of the children's hospitals who had not applied for final grant funding. Those hospitals are UC Los Angeles, UC Davis, UC Irvine, and Valley Children's Hospital. Mr. Washington stated that UC Davis and Valley Children's Hospitals have submitted applications. UC Los Angeles and UC Irvine are expected to submit applications in May. All four applications will have been received before the deadline.

Site Visits

Mr. Washington reported staff visited the following facilities: San Joaquin County's Crisis Stabilization Unit, Merced County's sixteen bed Residential Treatment Center (a six-county collaborative project with the Counties of Stanislaus, Madera, Tuolumne, Calaveras, and Mariposa), Trinity County's six bed Peer Respite Care facility, Children's Hospital of Oakland, and Lucile Packard Children's Hospital.

Item #4 Rady Children's Hospital – San Diego, Resolution No. CHP-2018-01 Susie Lauck, staff analyst, presented. Rady Children's Hospital – San Diego ("RCHSD") requested Authority approval of a grant in an amount not to exceed \$944,551 to reimburse the purchase of clinical care equipment. Ms. Lauck reported the proceeds of the grant would be used to reimburse the purchase of clinical care equipment: Perinatology Ultrasound machines and their components; and Extracorporeal Membrane Oxygenation (ECMO) Cardiology Portable Heat-Lung Support Systems; and Intensive Care Unit (ICU) Mechanical Ventilators.

Attendees: Lisa Lomas, Coordinator of Government Grants and Community.

Chairperson Holton-Hodson asked if there were any questions or public comment; there were none.

Authority Action

Motion to approve Resolution No. CHP-2018-01 in an amount not to exceed \$944,551 for Rady Children's Hospital – San Diego, subject to all requirements of the Children's Hospital Program of 2004.

MOTION: Member Sousa SECOND: Member LoFaso

AYES:Members: Sousa, Buckhorn, Sablan, Frank, Wong-Hernandez, LoFaso,

Holton-Hodson

NOES:.....NONE ABSTAIN:....NONE RECUSE:.....NONE

MOTION ADOPTED.

Item # 5 Investment in Mental Health Wellness Act of 2013, Third Amendment to Resolution No. MH 2014-23 (County of Fresno – Second Funding Round)

Susie Lauck, staff analyst, presented. The County of Fresno (the "County") requested Authority approval for a third amendment to Resolution No. MH 2014-23 (second funding round) to amend the milestones and extend the resolution and grant period expiration date from May 31, 2018 to

December 31, 2018. Ms. Lauck reported that the construction of the 16-bed CRT has experienced some delays and therefore the County would not be able to meet its third milestone in having the facility fully operational by May 1, 2018.

Attendees: Amina Flores-Becker, Administration Division Manager of Behavioral Health, and Mathew Frias, Facilities Staff Analyst.

Chairperson Holton-Hodson asked if there were any questions or public comment; there were none.

Authority Action

Motion to approve the third amendment to Resolution No. MH 2014-23 for the County of Fresno to amend the milestone conditions and to extend the resolution and grant period expiration date from May 31, 2018 to December 31, 2018, subject to the amended milestone conditions in the resolution.

MOTION: Member Sousa SECOND: Member Sablan

AYES:Members: Sousa, Buckhorn, Sablan, Frank, Wong-Hernandez, LoFaso,

Holton-Hodson

NOES:NONE ABSTAIN:NONE RECUSE:NONE

MOTION ADOPTED.

Item #6 Investment in Mental Health Wellness Act of 2013, Third Amendment to Resolution No. MH 2015-03 (County of Mendocino – Third Funding Round)

Erin Lane, staff analyst, presented. The County of Mendocino (the "County") requested Authority approval for a third amendment to Resolution No. MH 2015-03 (third funding round) to amend the milestones and extend the resolution and grant period expiration date from May 31, 2018 to June 30, 2021.

Ms. Lane reported the County would not meet the second and third milestones due to delays. The delays are a result of the Northern California firestorm in Mendocino County, the Redwood Complex Fire ("RCF"), and Redwood Community Services ("RCS"), being unable to secure the additional funding needed to complete the development of the project. Also, Ms. Lane stated the County and RCS were confident they would be able to secure necessary funding to complete the project no later than July 2019. The County anticipated the project would be fully operational by May 31, 2021. Ms. Lane further reported that the County would also be required to submit an update to the Authority no later than February 2019 on the progress of securing funding to complete the project.

Authority members engaged in a number of questions and answers with representatives from the County of Mendocino, and a discussion ensued amongst Authority members about the need for additional information prior to approving this item. The Authority concluded they would like to

see documentation such as a business plan, a pro forma operating budget, timelines, and sources and uses of funds prior to coming before the Authority again seeking approval of extension and amended milestone conditions at the May 24, 2018 meeting.

Attendees: Karen Lovato, Acting Deputy Director, Mendocino County Health and Human Services Agency Behavioral Health and Recovery Services and Jessica Johnson, Facilities & Housing Specialist, Redwood Community Services, Inc.

Chairperson Holton-Hodson asked if there were any questions or public comment; there were none.

Authority Action

Motion to table item to the May 24, 2018 Authority meeting.

MOTION: Member Frank SECOND: Member LoFaso

AYES:Members: Sousa, Buckhorn, Sablan, Frank, Wong-Hernandez, LoFaso,

Holton-Hodson

NOES:.....NONE ABSTAIN:....NONE RECUSE:.....NONE

MOTION ADOPTED.

Item #7 HELP II Loan Program, Amendment to Resolution No. 2017-05
HELP II Loan Program was removed from the agenda.

Item #8 Encompass Community Services, Resolution No. HII-312

Crystal Wong, staff analyst, presented. Encompass Community Services ("ECS") requested Authority approval of a HELP II loan in amount not to exceed \$1,000,000 to finance the purchase of property and construction. Ms. Wong reported the loan would allow ECS to expand its substance use disorder ("SUD") program, Si Se Puede, and provide a continuum of care in partnership with MidPen Housing ("MidPen").

Attendees: Christine Sippl, Master of Public Health, Senior Director for Impact and Partnerships and Terry Teitelbaum, Capital Project Consultant, Si Se Puede.

Mr. LoFaso had programmatic and financial inquiries for ECS. Programmatically, he wanted to know if some residents of the housing project would avail themselves of SUD treatment services.

Ms. Sippl responded that ECS has a commitment from MidPen to designate some subsidized affordable housing units for the treatment facility population, particularly high-utilizers of Medi-Cal services.

Mr. LoFaso then noted that in fiscal year 2017, ECS had an approximate negative \$800,000 cash flow. He asked if ECS' plan for getting in the black focused more on reducing expenses or more on increasing revenues.

Ms. Sippl responded that she was not sure if one would factor more prominently than the other. She stated that ECS went through a planned reorganization, which cost it more than originally anticipated. ECS planned to recover by reducing expenses in three ways: eliminating double rental payments, reducing, consolidating and restructuring its administrative services section, and also reducing payroll by over \$400,000. She then noted that revenues will increase now that ECS has renegotiated Medi-Cal reimbursements and the SUD treatment facility will expand services to increase revenues.

Mr. LoFaso noted his concern that according to the Utilization Statistics listed in the staff report, clients served between 2015 and 2016 decreased approximately 10%.

Ms. Sippl responded that moving forward the drug Medi-Cal expansion addresses this issue. During the time period in question, the County did not have sufficient funding to admit and reimburse ECS for individuals needing treatment, which ECS was staffed to treat. As a result, ECS expended staffing costs it could have reduced.

Chairperson Holton-Hodson asked if there were any questions or public comment; there were none.

Authority Action

Motion to approve Resolution No. HII-312 for Encompass Community Services in an amount not to exceed \$1,000,000, subject to conditions set forth in the resolution.

MOTION: Member Frank SECOND: Member Wong-Hernandez

AYES:Members: Sousa, Buckhorn, Sablan, Frank, Wong-Hernandez, LoFaso,

Holton-Hodson

NOES:NONE ABSTAIN:NONE RECUSE:NONE

MOTION ADOPTED.

Item #9 Mendocino Coast Health Care District, Resolution No. HII-313

Cory Mouhasseb, staff analyst, presented. The Mendocino Coast Health Care District requested Authority approval of a HELP II Loan in an amount not to exceed \$1,500,000 to finance the renovation of three separate projects mandated by the Office of Statewide Health Planning and Development.

Attendees: Judy Hougland, Controller and Nancy Schmid, Project Manager.

Chairperson Holton-Hodson asked if there were any questions or public comment; there were none.

Authority Action

Motion to approve Resolution No. HII-313 for Mendocino Coast Health Care District in an amount not to exceed \$1,500,000, subject to conditions set forth in the resolution.

MOTION: Member Wong-Hernandez SECOND: Member Sousa

AYES: Members: Sousa, Buckhorn, Sablan, Frank, Wong-Hernandez, LoFaso,

Holton-Hodson

NOES:.....NONE ABSTAIN:....NONE RECUSE:.....NONE

MOTION ADOPTED.

Item #10

HELP II Loan Program Annual Report

Brock Lewis, staff analyst, presented. Mr. LoFaso requested a graph of the grant amounts for the year be added to the HELP II Loan Program Annual Report.

Items #11, #12, #13

Other Business, Public Comment, Adjournment

Chairperson Holton-Hodson asked for public comment. Hearing none and with no additional business, the meeting adjourned at 3:05 P.M.