MINUTES

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

May 24, 2018 – 1:30 P.M.

Alternate Location for CHFFA Teleconference Participation

Asset Strategies 500 South Figueroa Street Los Angeles, CA 90071

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

OPEN SESSION

Deputy Treasurer, Ruth Holton-Hodson, serving as Chairperson, called the meeting to order at 1:31 PM.

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 – via teleconference

Jay Hansen

Robert Cherry, M.D. Jack Buckhorn Sumi Sousa

Member Absent: Oscar Sablan, M.D.

Chairperson Holton-Hodson declared a quorum present.

Item #2 Approval of the Minutes from the April 26, 2018

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 April 26, 2018 meeting.

MOTION: Member Wong-Hernandez SECOND: Member LoFaso

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

NOES:NONE ABSTAIN:NONE RECUSE:NONE

MOTION ADOPTED.

CHFFA Fund Balances and Comprehensive Debt List Summaries

Ronald Washington, Executive Director, reported the CHFFA fund balances, and the outstanding debt information as of April 30, 2018.

Mr. Washington reported the Clinic Lifeline Grant balance has earned interest in the amount of \$55,534. The \$55,534 would revert back to the HELP II fund.

Mr. Washington also reported the State Treasurer's Office ("STO") will be making changes to the Clinic Lifeline Grant program regulations. The amended regulations will be brought before the Authority at the July meeting for final consideration.

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.

Site Visits

Mr. Washington reported staff visited Interim, Inc. and Los Angeles County.

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

Member Sousa joined the meeting at 1:44 P.M.

Carolyn Aboubechara, Program Manager, gave a brief overview of a chart on the status of the Children's Hospital Program of 2004 (Proposition 61) and 2008 (Proposition 3). Ms. Aboubechara stated the chart is a guide for this month's and June's meeting.

Dr. Cherry recused himself from Items 4 through 8 due to his employment with the University of California, Los Angeles Medical Center and recent affiliation with Miller Children's Hospital.

Item #4

Lucile Salter Packard Children's Hospital at Stanford, Resolution No. CHP 2018-02

Erin Lane, staff analyst, presented. Lucile Salter Packard Children's Hospital at Stanford (the "Hospital") requested Authority approval of a grant in an amount not to exceed \$944,551. Ms. Lane reported that the proceeds of the grant would be used to reimburse the Hospital for costs that exceeded the Children's Hospital Program of 2008 (Proposition 3) grant award amount for the construction of the new two five-story patient tower buildings to expand the Hospital's operations.

Attendees: Dana Haering, Chief Financial Officer and Sherri Sager, Chief Government Community Relations Officer

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

Authority Action

Motion to approve Resolution No. CHP 2018-02 in an amount not to exceed \$944,551 for Lucile Salter Packard Children's Hospital at Stanford subject to all requirements of the Children's Hospital Program of 2004.

MOTION: Member Buckhorn SECOND: Member Wong-Hernandez

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

Holton-Hodson

NOES:NONE ABSTAIN:NONE

RECUSE:Member Cherry

MOTION ADOPTED.

Item # 5 Valley Children's Hospital, Resolution No. CHP-3 2018-02

Tyler Gee, staff analyst, presented. Valley Children's Hospital requested Authority approval of a grant in an amount not to exceed \$27,586,729. Mr. Gee reported the grant funds would be used to reimburse the costs of patient care equipment, information technology projects, constructing and equipping an Operating Room, remodeling, construction and equipping of a Magnetic Resonance Imaging suite and an Intervention Radiology suite.

Attendees: Tim Curley, Director of Community and Government Relations, and via teleconference Stephanie Vance, Vice President of Finance.

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

Authority Action

Motion to approve Resolution No. CHP-3 2018-02 in an amount not to exceed \$27,586,729 for Valley Children's Hospital, less costs of issuance and administrative costs, subject to all requirements of the Children's Hospital Bond Act of 2008.

MOTION: Member Wong-Hernandez SECOND: Member Hansen

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

Holton-Hodson

NOES:NONE ABSTAIN:NONE

RECUSE:Member Cherry

MOTION ADOPTED.

Item #6 Valley Children's Hospital, Resolution No. CHP 2018-03

Tyler Gee, staff analyst, presented. Valley Children's Hospital requested Authority approval of a grant in an amount not to exceed \$944,551. Mr. Gee reported the grant funds would be used to reimburse the costs associated with the purchase of patient care equipment that includes endoscopy diagnosis and treatment equipment, ventilators for home care patients, new metabolic rate analyzer and cardiac testing equipment, an ultrasound machine, and a video laryngoscope system.

Attendees: Tim Curley, Director of Community and Government Relations, and via teleconference Stephanie Vance, Vice President of Finance.

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

Authority Action

Motion to approve Resolution No. CHP 2018-03 in an amount not to exceed \$944,551 for Valley Children's Hospital and subject to all requirements of the Children's Hospital Bond Act of 2004.

MOTION: Member Hansen SECOND: Member Wong-Hernandez

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

Holton-Hodson

NOES:NONE ABSTAIN:NONE

RECUSE:Member Cherry

MOTION ADOPTED.

Item #7 University of California, Davis Medical Center, Resolution No. CHP-3 2018-03

Erin Lane, staff analyst, presented. The University of California, Davis Medical Center (the "Hospital") requested Authority approval of a grant in an amount not to exceed \$20,394,267. Ms. Lane reported the proceeds would reimburse the Hospital for the renovation and equipping of 17,940 square feet of shelled space on the third floor of the Surgery and Emergency Service Pavilion to accommodate the move to the Children's Surgery Center ("CSC"). Ms. Lane stated the CSC is currently connected to the seismically-deficient North/South Wing and must be cleared and physically detached from the Main Hospital prior to January 1, 2020 and relocated prior to the disconnection. Ms. Lane reported the CSC renovation began in September 2016 and is anticipated to be completed by July 2018 with the first patient day anticipated to be in late September 2018.

Attendees: Ann Madden Rice, Chief Executive Officer and Joel Swift, Director, Facilities Planning and Development.

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

Authority Action

Motion to approve Resolution No. Resolution No. CHP-3 2018-03 in an amount not to exceed \$20,394,267 for the University of California, Davis Medical Center, less cost of issuance and administrative costs, subject to all requirements of the Children's Hospital Program of 2008.

MOTION: Member Sousa SECOND: Member Hansen

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

Holton-Hodson

NOES:NONE ABSTAIN:NONE

RECUSE:Member Cherry

MOTION ADOPTED.

Item #8 University of California, Davis Medical Center, Resolution No. CHP 2018-04

Erin Lane, staff analyst, presented. The University of California, Davis Medical Center (the "Hospital") requested Authority approve of a grant in an amount not to exceed \$128,121. Ms. Lane reported the proceeds would reimburse the Hospital the additional costs related to the renovation and equipping of the shelled space mentioned in the previous item (Item# 7).

Attendees: Ann Madden Rice, Chief Executive Officer and Joel Swift, Director, Facilities Planning and Development.

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

Authority Action

Motion to approve Resolution No. CHP 2018-04 in an amount not to exceed \$128,121 for the University of California, Davis Medical Center, subject to all requirements of the Children's Hospital Program of 2004.

MOTION: Member Sousa SECOND: Member Buckhorn

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

Holton-Hodson

NOES:NONE ABSTAIN:NONE

RECUSE:Member Cherry

MOTION ADOPTED.

Item #9

Investment in Mental Health Wellness Act of 2013, Second Amendment to Resolution No. MH 2015-07 (County of Kern – Fourth Funding Round)

Sondra Jacobs, Program Manager, presented. The County of Kern (the "County") requested Authority approval for a second amendment to Resolution No. MH 2015-07 (fourth funding round) to amend a milestone condition. Ms. Jacobs stated this is a technical amendment to change the operational milestone from October 31, 2017 to November 6, 2017.

Ms. Jacobs reported the County missed the October 31, 2017 milestone by six days, causing the County to be out of compliance with the resolution conditions. The delegation resolution authorizing the Executive Director the power to consent to extensions of milestone conditions set forth in grant resolutions was approved in February 2018. However, it is not retroactive and cannot be used to extend the County's operational milestone condition. Ms. Jacobs reported in order to fulfill the disbursement request, Authority approval is needed to ensure all resolution conditions can be met.

Attendees: None

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

Authority Action

Motion to approve a second amendment to Resolution No. MH 2015-07 for the County of Kern to amend the milestone conditions outlined in the resolution, all other conditions in the Resolution shall remain the same and in full effect.

MOTION: Member Hansen SECOND: Member LoFaso

AYES:Members Sousa, Buckhorn, Cherry, Hansen, Frank, Wong-Hernandez, LoFaso,

Holton-Hodson

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

MOTION ADOPTED.

Item #10

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 milestone conditions and extend the resolution and grant period expiration date from May 31, 2018 to June 30, 2021.

Ms. Lane reported the Authority requested at the last Authority meeting that the County provide documentation such as a business plan, a pro forma operating budget, timelines, and sources and uses of funds prior to returning to the Authority seeking approval of extension and amended milestone conditions at the May 24, 2018 Authority meeting.

Ms. Lane gave an overview of the project plan, the project budget, the annual operating budget, the project timeline related to funding source, and the preliminary site plan that had been added to the staff report.

Attendees: Karen Lovato, Acting Deputy Director and Jessica Johnson, Project Manager, Redwood Community Services.

Ms. Lovato gave an overview of the County's extension request and discussed the need within the community for mental health programs. Ms. Lovato also pointed out that they have great community support with minimal public concern. She communicated that the County and their service provider are very confident that the project will go forward and be completed.

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

Authority Action

Motion to approve a third amendment to Resolution No. MH 2015-03 for the County of Mendocino to amend the milestone conditions and extend the resolution and grant period expiration date from May 31, 2018 to June 30, 2021, subject to the new milestone conditions outlined in the resolution. All other conditions in the Resolution shall remain the same and in full effect.

MOTION: Member Buckhorn SECOND: Member Wong-Hernandez

AYES:Members Sousa, Buckhorn, Cherry, Hansen, Frank, Wong-Hernandez, LoFaso,

Holton-Hodson

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

MOTION ADOPTED.

Item #11 Investment in Mental Health Wellness Act 2013

Erin Lane, staff analyst, presented. Ms. Lane gave an update and overview of the County of Los Angeles' (the "County") Quarterly Report on milestones achieved, progress, and obstacles or challenges related to the completion of their Investment in Mental Health Wellness grant projects. Ms. Lane provided an update to the Authority on the County's quarterly report and reported that the project timelines had changed due to coordinating with other capital projects on the four campuses. Ms. Lane mentioned that the County, in collaboration with the Department of Public Works and the Department of Health Services, is confident that all four Crisis Residential Training Programs and the Urgent Care Center will be completed by the December 31, 2021 deadline.

Member Buckhorn shared a little with other members on his site visit to the Downey and Growth Point project sites.

Attendees Representing Los Angeles County Department of Mental Health via teleconference: Jonathan Sherin, MD, PhD, Director, JoAnn Yanagimoto-Pinedo, Deputy Director, Strategic Initiatives and Damien Parker, Chief, Administrative Support Bureau.

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

Item #12 Yolo Family Service Agency, Resolution No. HII-299A

Brock Lewis, staff analyst, presented. Yolo Family Service Agency ("YFSA") requested Authority approval to delay legal remedies related to two delinquent HELP II loans.

Mr. Lewis reported YFSA currently has two outstanding HELP II loans, both of which are secured by property YSFA provides services at. The Authority holds the first and second lien positions on the property. Mr. Lewis reported both loans were 60+ days delinquent and explained the Authority's collection procedure for delinquent loan payments. Mr. Lewis reported the Authority had begun the process of referring the matter to the STO legal counsel when YFSA notified the Authority they would no longer be able to continue operations and providing services at their facility.

Mr. Lewis reported CommuniCare Health Centers ("CommuniCare") expressed an interest in purchasing the YFSA property. YSFA requested the Authority delay legal remedies, such as foreclosing on the property, to provide CommuniCare ample time to perform its due diligence and inspections prior to purchase. As an act of good faith, CommuniCare made both delinquent loans current and agreed to make the monthly payments. With the purchase of the property, CommuniCare would then be able to pay off YFSA's two delinquent HELP II loans.

Attendees: Karen Ziebron, Board Chair, Yolo Family Service Agency. Also present, Robin Affrime, Chief Executive Officer and Carolina Apicella, Chief Financial Officer, CommuniCare Health Centers.

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

Member Buckhorn inquired about the loss of staff as a factor causing YFSA's insolvency.

Ms. Ziebron responded that the loss of staff did not allow YFSA to bill Yolo County for services in a timely manner.

Member Cherry asked about CommuniCare's ability to overcome difficulties faced by YFSA.

Ms. Affrime responded that CommuniCare has applied for expanded funding from Yolo County and they are well experienced in working with the county.

Member LoFaso requested STO legal counsel to comment about potential risks of delaying legal remedies.

STO legal counsel, Ravi Kapoor, commented that the Authority could revoke the resolution at any time and seeking legal remedies at a later time would not change the risk to the Authority.

Authority Action

Motion to approve Resolution No. HII-299A to delay legal remedies related to the delinquent HELP II loan payments for Yolo Family Service Agency.

MOTION: Member Sousa SECOND: Member Buckhorn

AYES:Members Sousa, Buckhorn, Cherry, Hansen, Frank, Wong-Hernandez, LoFaso,

Holton-Hodson

NOES:NONE ABSTAIN:NONE RECUSE:NONE

MOTION ADOPTED.

Items #13, #14, #15

Other Business, Public Comment, Adjournment

Chairperson Holton-Hodson asked for public comment. Hearing none and with no additional business, the meeting adjourned at 3:20 P.M.