

California Mental Health Services Authority (CalMHSA)

CalMHSA STRATEGIC PLANNING SESSION

Wednesday, April 11, 2018

In compliance with the Americans with Disabilities Act, if you are a disabled person and you need a disability-related modification or accommodation to participate in this meeting, please contact Laura Li at (916) 859-4818 (telephone) or (916) 859-4805 (facsimile). Requests must be made as early as possible, and at least one full business day before the start of the meeting.

Materials relating to an item on this agenda submitted to this Board after distribution of the agenda packet are available for public inspection at 3043 Gold Canal Drive, Suite 200, Rancho Cordova, CA, 95670, during normal business hours.

WEDNESDAY, APRIL 11, 2018	
3:15 p.m. – 3:45 p.m.	CalMHSA Board Meeting – Closed Session
3:45 p.m. – 5:00 p.m.	CalMHSA Board Meeting – Open Session
5:00 p.m. – 5:15 p.m.	Break
5:45 p.m. – 6:30 p.m.	Strategic Planning Session – Visioning
6:30 p.m. – 8:00 p.m.	Celebration/Dinner
8:00 p.m.	Adjourn

Board of Directors Meeting Agenda

Wednesday, April 11, 2018

Closed Session
3:15 p.m. – 3:45 p.m.

Open Session
3:45 p.m. – 4:30 p.m.

(916) 233-1968

Code: 3043



Meeting Locations:

Courtyard Sacramento Cal Expo

1782 Tribute Road
Sacramento, CA 95815

Lassen County Behavioral Health

555 Hospital Lane
Susanville, CA 96130

Ventura County

1911 Williams Drive
Oxnard, CA 93036

California Mental Health Service Authority
(CalMHSA)
Strategic Planning Session and
Board of Directors Meeting
Agenda

Wednesday, April 11, 2018

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A. CLOSED SESSION

1. CALL TO ORDER

2. ROLL CALL AND INTRODUCTIONS

3. CALMHSA – GEORGE HILLS CONTRACT EXECUTIVE DIRECTOR RENEWAL

A. PUBLIC EMPLOYEE PERFORMANCE EVALUATION AND CONTRACT EXTENSION (SECTION 54957(B))

B. CONFERENCE WITH LABOR AGENCY DESIGNATED REPRESENTATIVE: TERENCE ROONEY, PRESIDENT OF CALMHSA BOARD (GOVERNMENT CODE SECTION 54957.6)

B. BOARD OF DIRECTORS REGULAR MEETING

1. CALL TO ORDER

2. ROLL CALL AND INTRODUCTIONS

3. INSTRUCTIONS FOR PUBLIC COMMENT AND STAKEHOLDER INPUT

The Board welcomes and encourages public participation in its meetings. This time is reserved for members of the public (including stakeholders) to address the Board concerning matters on the agenda. Items not on the agenda are reserved for the end of the meeting. Comments will be limited to three minutes per person and 20 minutes total.

For agenda items, public comment will be invited at the time those items are addressed. Each interested party is to complete the Public Comment Card and provide it to CalMHSA staff prior to start of item. When it appears that there are several members of the public wishing to address the Board on a specific item, at the outset of the item, the Board President may announce the maximum

amount of time that will be allowed for presentation of testimony on that item. Comment cards will be retained as a matter of public record.

4. DISCLOSURE OF ACTION TAKEN IN THE CLOSED SESSION (Section 54957.1(a)(5))

A. Pursuant to Section 54953(c)(2), CalMHSA will publicly report the vote or abstention of each member present. Due to the size of the board, the disclosure may be posted or listed in minutes of the meeting rather than announced orally.

5. CONSENT CALENDAR 06

A. Routine Matters

- 1. Minutes from the February 14, 2018 Board of Directors Meeting 07
- 2. CalMHSA Financial Audit Engagement Letter 13
- 3. Tehama County Membership 22
- 4. Finance Committee Meeting Minutes from April 2, 2018 23
- 5. CalMHSA Resolution No. 18-01, Board of Directors Investment Policy 25

Recommendation: Approval of the Consent Calendar.

6. PROGRAM MATTERS

A. State Hospital Bed Update 34

Recommendation: Affirm Board's desire to submit an LOI to Paso Robles by July 1, 2018, and seek direction from Board regarding next steps.

7. GENERAL DISCUSSION

A. Report from CalMHSA President – Terence M. Rooney 82

- Annual Elections and Nominations
- General

Recommendation: Discussion and/or action as deemed appropriate.

B. Report from CalMHSA Executive Director – Wayne Clark 84

- Annual Program Funding Forms
- 1299 Banking Pool
- Translation Project
- LA Media Campaign
- Recent Receipts of Funds

Recommendation: Discussion and/or action as deemed appropriate.

8. PUBLIC COMMENTS

A. Public Comments Non-Agenda Items

This time is reserved for members of the public to address the Board relative to matters of CalMHSA not on the agenda. No action may be taken on non-agenda items unless authorized by law. Comments will be limited to three minutes per person and 20 minutes in total. The Board may also limit public comment time regarding agenda items, if necessary, in the case of a lengthy agenda.

9. NEW BUSINESS

General discussion regarding any new business topics for future meetings.

10. CLOSING COMMENTS

This time is reserved for comments by Board members and staff to identify matters for future Board business.

CONSENT CALENDAR
Agenda Item 5

SUBJECT: CONSENT CALENDAR

ACTION FOR CONSIDERATION:

Approval of the Consent Calendar.

BACKGROUND AND STATUS:

The Consent Calendar consists of items that require approval or acceptance but are self-explanatory and require no discussion. If the Board would like to discuss any item listed, it may be pulled from the Consent Calendar.

A. Routine Matters

1. Minutes from the February 14, 2018 Board of Directors Meeting
2. CalMHSA Financial Audit Engagement Letter
3. Tehama County Membership
4. Finance Committee Meeting Minutes from April 2, 2018
5. CalMHSA Resolution No. 18-01, Board of Directors Investment Policy

FISCAL IMPACT:

See staff reports for fiscal impact.

RECOMMENDATION:

Approval of the Consent Calendar.

TYPE OF VOTE REQUIRED:

Majority vote.

REFERENCE MATERIAL(S) ATTACHED:

- Minutes from the February 14, 2018 Board of Directors Meeting
- CalMHSA Financial Audit Engagement Letter Ending June 30, 2020
- Minutes from the April 2, 2018 Finance Committee Meeting
- CalMHSA Resolution No. 18-01, Board of Directors Investment Policy



"A George Hills Company Administered JPA"

**CalMHSA Board of Directors
Meeting Minutes from February 14, 2018**

BOARD MEMBERS PRESENT

Alameda County – **James Wagner** *(Alternate)*
Alpine County – **Alissa Nourse**
Butte County – **Dorian Kittrell**
Colusa – **Terence Rooney**
Contra Costa County – **Warren Hayes** *(Alternate)*
Fresno County – **Dawan Utecht**
Glenn County – **Joe Hallett** *(Alternate)*
Imperial County – **Andrea Kuhlen**
Kern County – **Bill Walker**
Kings County – **Lisa Lewis**
Lake County – **Todd Metcalf**
Lassen County – **Tiffany Armstrong, Barbara Longo** *(Alternate)*
Los Angeles County – **William Arroyo** *(Alternate)*
Madera County – **Dennis Koch**
Mariposa County – **Christine Doss** *(Alternate)*
Mendocino County – **Jenine Miller**
Modoc County – **Michael Traverso** *(Alternate)*
Monterey County – **Amie Miller**
Nevada County – **Phebe Bell**
Orange County – **Mary Hale**
Placer County – **Amy Ellis**
Riverside County – **Steve Steinberg**
Sacramento County – **Jane Ann Zakhary** *(Alternate)*
San Bernardino County – **Veronica Kelley**
San Diego County – **Alfredo Aguirre**
San Francisco County – **Kavoos Ghane Bassari**
San Joaquin County – **Tony Vartan**
San Mateo – **David Young**
Shasta County – **Dean True** *(Alternate)*
Siskiyou County – **Sarah Collard**
Solano County – **Sandra Sinz**
Stanislaus County – **Rick DeGette, Kevin Panyanouvong** *(Alternate)*
Sutter/Yuba County – **Tony Hobson**
Tri-City Mental Health Center – **Toni Navarro**
Trinity County – **Noel O'Neill**
Yolo County – **Karen Larsen**

BOARD MEMBERS ABSENT

Berkeley, City of
Del Norte County

Humboldt County
Inyo County
Marin County
Merced County
Mono County
Napa County
Plumas County
San Benito County
San Luis Obispo County
Santa Barbara County
Santa Clara County
Santa Cruz County
Sonoma County
Tulare County
Tuolumne County
Ventura County

MEMBERS OF THE PUBLIC

Scott Rose, RSE
David Sackman, Calaveras County

STAFF PRESENT

Wayne Clark, CalMHSA Executive Director
Ann Collentine, CalMHSA Deputy Director for Programs
Laura Li, CalMHSA JPA Administrative Manager
Jeremy Wilson, Program Manager
Armando Bastida, CalMHSA Business Systems Analyst

A. BOARD OF DIRECTORS REGULAR MEETING

1. CALL TO ORDER

CalMHSA Vice President Dawan Utecht, Fresno County, called the Board of Directors meeting of the California Mental Health Services Authority (CalMHSA) to order at 3:16 P.M. on February 14, 2018, at the Courtyard by Marriott Sacramento Cal Expo, California. Vice President Utecht welcomed those in attendance as well as those listening in on the phone, and asked all present to introduce themselves.

Vice President Utecht asked CalMHSA JPA Administrative Manager Laura Li to call roll, in order to confirm a quorum of the Board.

2. ROLL CALL AND INTRODUCTIONS

Ms. Li called roll and informed Vice President Utecht a quorum was reached.

3. INSTRUCTIONS FOR PUBLIC COMMENT AND STAKEHOLDER INPUT

CalMHSA JPA Administrative Manager Laura Li reviewed the instructions for public comment, and noted items not on the agenda would be reserved for public comment at

the end of the agenda. Public comment cards to be submitted to Laura Li and individuals on the phone were instructed to email Laura Li with their comments.

4. CONSENT CALENDAR

Vice President Utecht acknowledged the consent calendar and asked for comment from Board members. Hearing none, Vice President Utecht entertained a motion for approval of the Consent Calendar.

Action: *Approval of the consent calendar.*

Motion: *Dorian Kittrell, Butte County*

Second: *Tony Hobson, Sutter/Yuba County*

Motion passed unanimously.

Public comment was heard from the following individual(s):

None

5. PROGRAM MATTERS

A. Private Fund Development (LCG) – Leadership Council Status Update

Executive Director Dr. Wayne Clark introduced the item and indicated in recent past there was concern with lack of funds received, however funding has very recently increased and is no longer a concern. Current funding would get us through this fiscal year and the year following.

Dr. Clark also provided an update on the outcomes of the Leadership Council Luncheon which was held on January 18, 2018. He indicated the meeting went well with approximately 20 attendees from various entities from the private sector.

Vice President Utecht also attended the luncheon and shared that the group she sat with was very excited about working with CalMHSA on improving mental health efforts and she found them to be passionate about mental health.

Alfredo Aguirre, San Diego County, also attended the luncheon and agreed the group was excited about the collaborative effort and shared that he liked our “soft sell” marketing approach, and he feels we will benefit from it.

Action: *None, information only.*

Public comment was heard from the following individual(s):

None

B. Sustainability Task Force Report: Consideration of Contracts for FY 18/19 Phase III Statewide PEI Project

Alfredo Aguirre, San Diego County, member of the taskforce, introduced the item to include their recommendation for continuing via an amendment or extension with the current PEI contractors for Fiscal Year 18-19.

Action: *Approve Sustainability Task Force and CalMHSA Executive Committee Recommendation to extend and amend the FY17/18 Phase II Statewide PEI Project contracts for implementation of the Phase III Statewide PEI Project in FY 18/19, based on available funding.*

Motion: *Jane Ann Zakhary, Sacramento County (Alternate)*

Second: *William Arroyo, Los Angeles County (Alternate)*

Motion passed unanimously.

Public comment was heard from the following individual(s):

None

C. Los Angeles County Phase III PEI Sustainability Participation Agreement (LA Mental Health Promotion and Awareness Campaign)

JPA Administrative Manager Laura Li provided an overview of the staff report. Ms. Li reminded the Board of their previous June 2017 approval which included Los Angeles County's participation in the Phase III Statewide PEI Sustainability Program, therefore seeking affirmation of the Los Angeles County PEI Participation Agreement. In addition, Los Angeles County made a request to amend the current Participation Agreement to add scope and budget to enhance the work currently being done, specifically for mental health awareness during May Is Mental Health Month. This added scope would also increase funding by \$15 million. Due to the added scope and given the tight timeline for these efforts, Los Angeles County has requested CalMHSA contract with two additional vendors, not previously approved with the Phase III PEI Sustainability plan. Ms. Li further stated the two additional vendors have gone through a competitive bidding process locally and have met the requirements of CalMHSA's procurement policy for sole contracting. CalMHSA Legal Counsel has reviewed the rationale for sole source and has confirmed having met CalMHSA's procurement policy requirements.

Action:

- 1. Affirmation of the Los Angeles County DMH Participation Agreement for Phase III Statewide PEI Sustainability Funding.**
- 2. Authorize staff to amend Los Angeles County's PEI Participation Agreement to increase the statement of work and funding to approximately \$15 million.**
- 3. Authorize staff to enter into direct contracts with two contractors based upon the CalMHSA sole source procurement policy and available funding.**

Motion: *Dennis Koch, Madera County*

Second: *Alfredo Aguirre, San Diego County*

Motion passed unanimously.

Public comment was heard from the following individual(s):

None

6. GENERAL DISCUSSION

A. Report from CalMHSA President – Terence Rooney

None

Action: Discussion and/or action as deemed appropriate.

Public comment was heard from the following individual(s):

None

B. Report from CalMHSA Executive Director – Wayne Clark

Dr. Clark presented on the following items:

- **AB 1299 Banking Pool** - CBHDA members approved the development of a banking pool for AB 1299 and CalMHSA will be the vehicle for that banking pool. CalMHSA is to work collaboratively with CBHDA in this development.
- **Board of Directors' Meeting Schedule** - CalMHSA Board of Directors Meetings will be held every other month in 2018, on Wednesdays after the CBHDA Governing Board Meetings.
- **Board of Directors' Strategic Planning Session** – The April 11, 2018, CalMHSA Board of Directors Meeting will also include a Strategic Planning Session.

Action: Discussion and/or action as deemed appropriate.

Public comment was heard from the following individual(s):

None

7. PUBLIC COMMENTS

Vice President Utecht invited members of the public to make comments on non-agenda items.

Public comment was heard from the following individual(s):

Ann Collentine, Deputy Director for Programs, CalMHSA

8. NEW BUSINESS

General discussion regarding any new business topics for future meetings.

9. CLOSING COMMENTS

Bill Walker alerted Board Members that hard copies of the Executive Director Evaluations were available at the meeting for members, and JPA Administrative Manager Laura Li indicated that she would collect them from anyone wishing to fill out their evaluation at the meeting, however the evaluations were also sent out electronically.

10. ADJOURNMENT

Hearing no further comments, the meeting was adjourned at 3:41 p.m.

Respectfully submitted,

Steve Steinberg,
Secretary, CalMHSA

Date

DRAFT

CONSENT CALENDAR
Agenda Item 5.A.2

SUBJECT: CALMHSA FINANCIAL AUDIT ENGAGEMENT LETTER

ACTION FOR CONSIDERATION:

Approve the Finance Committee recommendation to extend the James Marta & Company agreement for auditing services for years ending June 2018, 2019 and 2020.

BACKGROUND AND STATUS:

In late 2010 at Board direction, staff engaged James Marta & Company to carry-out a biennial audit for the two-year period ending June 30, 2011 in accordance with Article 7, Section 7.1 of the Bylaws, which states "the Board shall cause to be made, by a qualified, independent individual or firm, an annual audit of the financial accounts and records of the Authority." On February 10, 2012, the CalMHSA Board of Directors, upon the Finance Ad Hoc Committee's in-depth review and subsequent recommendation, received and filed the CalMHSA Financial Audit for the Fiscal Years Ended June 30, 2011 and 2010. Upon close of the fiscal year ending June 30, 2012, the Board approved James Marta & Company to carry-out audits for the years ending June 30, 2012, 2013 and June 30, 2014.

At the March 2015 Finance Committee meeting, a recommendation was made to extend the agreement for one year, audit of the year ended June 30, 2015, which was approved. Beyond this date, the Finance Committee discussed continuing with James Marta & Company, resulting in them making a recommendation to the CalMHSA Board to extend the agreement for an additional year, which was approved as follows:

- April 15, 2016 Board approves Finance Committee Recommendation to extend for an addition year, audit of the year ended June 30, 2016.
- April 13, 2017 Board approves Finance Committee Recommendation to extend for an additional year, audit of the year ended June 30, 2017.

The Finance Committee met on March 19, 2018 and recommended the Board extend the agreement with James Marta & Company through June 2020.

FISCAL IMPACT

None.

RECOMMENDATION:

Approve the Finance Committee recommendation to extend the James Marta & Company agreement for auditing services for years ending June 2018, 2019 and 2020.

REFERENCE MATERIALS ATTACHED:

- CalMHSA Financial Audit Engagement Letter Ending June 30, 2020



James Marta & Company LLP
Certified Public Accountants

Accounting, Auditing, Consulting, and Tax

March 27, 2018

Kim Santin
Finance Director
CalMHSA C/O George Hills
3043 Gold Canal Dr., Suite 200
Rancho Cordova, CA 95670

We are pleased to confirm our understanding of the arrangements for our audit of the financial statements of California Mental Health Services Authority (CalMHSA) for June 30, 2018, 2019, and 2020.

This letter confirms the services you have asked our firm to perform and the terms under which we have agreed to do that work. Please read this letter carefully because it is important to both our firm and you that you understand what you can and cannot expect from our work. In other words, we want you to know the limitations of the services you have asked us to perform. If you are confused at all by this letter or believe we have misunderstood what you need, please call to discuss this letter before you sign it.

Scope of Work

You have requested that we audit the Statement of Net Position of CalMHSA, as of June 30, 2018, 2019, and 2020, and the related Statements of Revenues, Expenditures and Changes in Net Position and Cash Flows for the years then ended and the related notes to the financial statements, which collectively comprise CalMHSA's basic financial statements as listed in the table of contents and provide assistance with the preparation of the financial statements. We are pleased to confirm our acceptance and our understanding of this audit engagement by means of this letter. Our audit will be conducted with the objective of our expressing an opinion on each opinion unit.

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by Governmental Accounting Standards Board (GASB) who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. As part of our engagement, we will apply certain limited procedures to the required supplementary information (RSI) in accordance with auditing standards generally accepted in the United States of America. These limited procedures will consist primarily of inquiries of management regarding their methods of measurement and presentation, and comparing the information for consistency with management's responses to our inquiries. We will not express an opinion or provide any form of assurance on the RSI. The

following RSI is required by accounting principles generally accepted in the United States of America. This RSI will be subjected to certain limited procedures but will not be audited:

- Management’s Discussion and Analysis
- Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual

The Objective of an Audit

The objective of our audit is the expression of opinions as to whether your basic financial statements are fairly presented, in all material respects, in conformity with generally accepted accounting principles and to report on the fairness of the supplementary information referred to in the second paragraph when considered in relation to the financial statements as a whole. Our audit will be conducted in accordance with U.S. generally accepted auditing standards (GAAS) and in accordance with Government Auditing Standards, and the State Controller’s Minimum Audit Requirements for California Special Districts and will include tests of the accounting records and other procedures we consider necessary to enable us to express such opinions. We cannot provide assurance that unmodified opinions will be expressed. Circumstances may arise in which it is necessary for us to modify our opinions or add emphasis-of-matter or other-matter paragraphs. If our opinions on the financial statements are other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed opinions, we may decline to express opinions or to issue a report as a result of this engagement.

General Audit Procedures

We will conduct our audit in accordance with auditing standards generally accepted in the United States of America (U.S. GAAS) and in accordance with Government Auditing Standards, and the State Controller’s Minimum Audit Requirements for California Special Districts. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free from material misstatement and are fairly presented, in all material respects, in conformity with accounting principles generally accepted in the United States of America. As such, our audit will involve performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements and will include tests of the accounting records of CalMHSA and other procedures we consider necessary. The procedures we determine necessary will depend on our “auditor’s” judgment and will be based, in part, on our assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

An audit also includes evaluating the appropriateness of accounting policies used, and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. If appropriate, our procedures will therefore include tests of documentary evidence that support the transactions recorded in the accounts, tests of the physical existence of inventories, and direct confirmation of cash, investments, and certain other assets and liabilities by correspondence with creditors and financial institutions. As part of our audit process, we will request written representations from your attorneys, and they may bill you for responding. At the conclusion of our audit, we will also request certain written representations from you about the financial statements and related matters.

Internal Control Audit Procedures

Because of the inherent limitations of an audit, together with the inherent limitations of internal control, an unavoidable risk exists that some material misstatements (whether caused by errors, fraudulent financial reporting, misappropriation of assets, or violations of laws or governmental regulations) may not be detected by our firm, even though our audit is properly planned and performed in accordance with GAAS. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements. However, we will inform you of any material errors that come to our attention, and we will inform you, or the appropriate level of management, of any fraudulent financial reporting or misappropriation of assets that comes to our attention. We will also inform you of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential.

In making our risk assessments, we will consider internal controls relevant to the preparation and fair presentation of your entity's financial statements in order to design audit procedures that are appropriate in the circumstances. However, our audit procedures are not designed for the purpose of expressing an opinion on the effectiveness of your entity's internal control. We will communicate to you in writing concerning any significant deficiencies or material weaknesses in internal control relevant to the audit of the financial statements that we have identified during the audit. Our responsibility as auditors is, of course, limited to the period covered by our audit and does not extend to any other periods.

Compliance with Laws and Regulations

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of CalMHSA's compliance with the provisions of applicable laws, regulations, contracts, and agreements. However, the objective of our audit will not be to provide an opinion on overall compliance and we will not express such an opinion.

Management Responsibilities

As part of our engagement, we may advise you about appropriate accounting principles and their application; however, management acknowledges and understands that the final responsibility for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America remains with you. As such, management is responsible for adjusting the financial statements to correct material misstatements and for confirming to us in the representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. Other management responsibilities include maintaining adequate records, selecting and applying accounting principles, and safeguarding assets.

By your signature below, you also acknowledge that you are responsible for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error. This responsibility includes having appropriate programs and controls in place to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the company that involves management, employees who have significant roles in internal control,

and others where fraud could have a material impact on the financial statements. You are also responsible for informing us of your knowledge of any allegations of fraud or suspected fraud affecting the company received in communications from employees, former employees, regulators, or others. In addition, you are responsible for identifying and ensuring that the company complies with applicable laws and regulations. You agree that management will confirm its understanding of its responsibilities as defined in this letter to us in a management representation letter.

With regard to the supplementary information referred to above, you acknowledge and understand your responsibility: (a) for the preparation of the supplementary information in accordance with the applicable criteria; (b) to provide us with the appropriate written representations regarding supplementary information; (c) to include our report on the supplementary information in any document that contains the supplementary information and that indicates that we have reported on such supplementary information; and (d) to present the supplementary information with the audited financial statements, or if the supplementary information will not be presented with the audited financial statements, to make the audited financial statements readily available to the intended users of the supplementary information no later than the date of issuance by you of the supplementary information and our report thereon.

Management's responsibilities also include designating qualified individuals with the skill, knowledge, and experience to be responsible and accountable for overseeing financial statement preparation, tax services, and any other nonattest services we perform as part of this engagement, as well as evaluating the adequacy and results of those services and accepting responsibility for them.

You further acknowledge and understand that management is responsible for providing us with access to all information management is aware of that is relevant to the preparation and fair presentation of the financial statements such as records, documentation and other matters; for the accuracy and completeness of the information that is provided to us; and for informing us of events occurring or facts discovered subsequent to the date of the financial statements that may affect the financial statements. This responsibility also includes providing us with any additional information that we may request from management for the purpose of the audit; as well as allowing us unrestricted access to individuals within the organization from whom we may determine it necessary to obtain audit evidence, including access to your designated employees who will type all confirmations we request.

Reporting

We expect to issue a written report upon completion of our audit of CalMHSA's basic financial statements. Our report will be addressed to the board of directors of CalMHSA. We cannot provide assurance that an unmodified opinion will be expressed. Circumstances may arise in which it is necessary for us to modify our opinion, add an emphasis-of-matter or other-matter paragraph(s), and decline to express an opinion, or withdraw from the engagement.

We also will issue a written report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standard upon completion of our audit.

Other

We understand that your employees will prepare all confirmations we request and will locate any documents or invoices selected by us for testing.

If you intend to publish or otherwise reproduce the financial statements and make reference to our firm, you agree to provide us with printers' proofs or masters for our review and approval before printing. You also agree to provide us with a copy of the final reproduced material for our approval before it is distributed.

Provisions of Engagement Administration, Timing and Fees

During the course of the engagement, we may communicate with you or your personnel via fax or e-mail, and you should be aware that communication in those mediums contains a risk of misdirected or intercepted communications.

We expect to begin our audit on approximately August 2018 and to complete and issue our report no later than October 2018.

James Marta, CPA is the engagement partner for the audit services specified in this letter. His responsibilities include supervising James Marta & Company LLP's services performed as part of this engagement and signing or authorizing another qualified firm representative to sign the audit report.

Our liability as auditors shall be limited to the period covered by our audit and shall not extend to later periods for which we are not engaged as auditors.

Record Retention

It is our policy to keep records related to this engagement for 7 years. However, James Marta & Company LLP does not keep any original client records, so we will return those to you at the completion of the services rendered under this engagement. When records are returned to you, it is your responsibility to retain and protect your records for possible future use, including potential examination by any government or regulatory agencies.

By your signature below, you acknowledge and agree that upon the expiration of the 7 year period James Marta & Company LLP shall be free to destroy our records related to this engagement.

Fees

Our fee for the audit will be \$11,695 for 2018, \$12,105 for 2019, and \$12,525 for 2020. We will bill you on a monthly basis for our services and invoices are payable upon presentation. Unpaid fee balances 30 days overdue will bear interest at 18 percent per annum. This fee is based upon the assumption that the closing journal entries will be made and accounting will be finalized and closed before the year end audit fieldwork. Additional time and billing charges will incur if accounting service is provided for closing or reconciling accounting records.

Whenever possible, we will attempt to use your personnel to assist in the preparation of schedules and analyses of accounts. We understand that your employees will prepare all cash or other confirmations we request and will locate any invoices selected by us for testing. This effort could substantially reduce our time requirements and facilitate the timely conclusion of the audit.

Our initial fee estimate assumes we will receive the aforementioned assistance from your personnel and unexpected circumstances will not be encountered. In the event that the GASB, FASB, AICPA, GAO, OMB, or the State of California issues additional standards or audit procedures that require additional work during the audit period, we will discuss these requirements with you before proceeding further. Before starting the additional work, we will prepare an estimate of the time necessary, as well as the fee for performing the additional work. Our fee for addressing the additional requirements will be at our standard hourly rates for each person involved in the additional work.

In the event we are required to respond to discovery requests, subpoenas, and outside inquiries, we will first obtain your permission unless otherwise required to comply under the law. Our time and expense to comply with such requests will be charged at our standard hour rates in addition to the stated contract.

We agree to retain our audit documentation or work papers for a period of at least seven years from the date of our report.

At the conclusion of our audit engagement, we will communicate to the governing board the following significant findings from the audit:

- Our view about the qualitative aspects of the entity's significant accounting practices;
- Significant difficulties, if any, encountered during the audit;
- Uncorrected misstatements, other than those we believe are trivial, if any;
- Disagreements with management, if any;
- Other findings or issues, if any, arising from the audit that are, in our professional judgment, significant and relevant to those charged with governance regarding their oversight of the financial reporting process;
- Material, corrected misstatements that were brought to the attention of management as a result of our audit procedures;
- Representations we requested from management;
- Management's consultations with other accountants, if any; and
- Significant issues, if any, arising from the audit that were discussed, or the subject of correspondence, with management.

The audit documentation for this engagement is the property of James Marta & Company LLP and constitutes confidential information. However, we may be requested to make certain audit documentation available pursuant to authority given to any regulator by law or regulation, or to peer reviewers. If requested, access to such audit documentation will be provided under the supervision of James Marta & Company LLP's personnel. Furthermore, upon request, we may provide copies of selected audit documentation to any regulator. They may intend, or decide, to distribute the copies of information contained therein to others, including other governmental agencies.

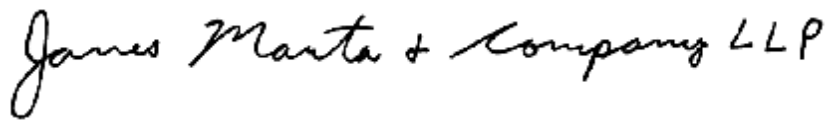
Mediation Provision

Disputes arising under this agreement (including scope, nature, and quality of services to be performed by us, our fees and other terms of the engagement) shall be submitted to mediation. A competent and impartial third party, acceptable to both parties shall be appointed to mediate, and each disputing party shall pay an equal percentage of the mediator’s fees and expenses. No suit or arbitration proceedings shall be commenced under this agreement until at least 60 days after the mediator’s first meeting with the involved parties. If the dispute requires litigation, the court shall be authorized to impose all defense costs against any non-prevailing party found not to have participated in the mediation process in good faith.

Several technical accounting and auditing words and phrases have been used herein. We presume you to understand their meaning or that you will notify us otherwise so that we can furnish appropriate explanations.

We appreciate the opportunity to be of service to you and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the enclosed copy and return it to us. This letter will continue in effect until canceled by either party.

Respectfully,



James Marta & Company LLP
Certified Public Accountants
Sacramento, California

RESPONSE:

This letter correctly sets forth our understanding.

Acknowledged and agreed on behalf of California Mental Health Services Authority

Authorized Signature: _____

Name: _____

Title: _____

Date: _____

CONSENT CALENDAR
Agenda Item 5.A.3

SUBJECT: TEHAMA COUNTY MEMBERSHIP

ACTION FOR CONSIDERATION:

Board Approval of Tehama County's Membership with CalMHSA subject to BOS approval to take place by June 2018.

BACKGROUND AND STATUS:

Tehama County has had internal discussions with their governing body and have decided to obtain BOS approval for CalMHSA membership. It is anticipated that Tehama County will be officially making this request at a BOS meeting by June 2018.

Upon obtaining membership, the county has indicated their interest in participating in both the Statewide PEI and Innovation Tech Suite programs.

Staff is seeking Board approval of Tehama County Membership with CalMHSA, subject to their BOS approval, which is expected to take place by June 2018.

FISCAL IMPACT:

None.

RECOMMENDATION:

Board Approval of Tehama County's Membership with CalMHSA subject to BOS approval to take place by June 2018.

TYPE OF VOTE REQUIRED:

Majority vote.

REFERENCE MATERIAL(S) ATTACHED:

- None



CalMHSA Finance Committee

TELECONFERENCE MINUTES FROM April 2, 2018

Finance Committee Members

Present

- Dennis P. Koch, Madera County
- Bill Walker, CalMHSA Treasurer

Absent

- Terence M. Rooney, Colusa County
- Steve Steinberg, Riverside County
- Dr. William Arroyo, Los Angeles County

CalMHSA Staff

- Wayne Clark, Executive Director
- John Chaquica, Chief Operations Officer
- Kim Santin, Finance Director
- Ann Collentine, Program Director
- Laura Li, JPA Administrative Manager

Public

- John T. Little, Morgan Stanley Smith Barney
- Lars Monroe, Morgan Stanley Smith Barney

1. Call to Order

The CalMHSA Finance Committee teleconference was called to order at 9:04 am on April 2, 2018, by Bill Walker, CalMHSA Treasurer.

2. Roll Call and Public Comment Instructions

JPA Administrative Manager, Laura Li, CalMHSA, called roll and was unable to establish a quorum. All participants were asked to introduce themselves. JPA Administrative Manager, Laura Li, CalMHSA proceeded to review the public comment instructions, noting that times not on the agenda would be reserved for public comment at the end of the meeting.

3. Investment Management Update

John Chaquica, Chief Operations Officer, commenced with a brief overview of the updated Investment Policy, as required by the Government Code §53646(a), and stated updates were due to minor revisions within the Government Code.

Hearing no concerns from the members, Mr. Chaquica continued by providing background information on the current Investment Manager (Morgan Stanley Smith Barney), asked for consideration of continuing to use Morgan Stanley Smith Barney for the investment of funds. Morgan Stanley has been successful in achieving greater earnings than LAIF, at approximately 30% increase of the LAIF return and will increase as interest rates rise. With the incoming funds for Innovation and the varied use, reducing funds at LAIF and adding funds to the Morgan Stanley investment plan is recommended.

The members agreed to continue to use Morgan Stanley Smith Barney as the Investment Manager, for CalMHSA, and understand CalMHSA's interest in social awareness and will make every effort to abide by reasonable decision making to evaluate investments. Morgan Stanley has eliminated any stocks which involve weapons, alcohol, tobacco and any non-approved companies. The Finance Committee will bring fourth this agenda item to the Board of Directors.

Action: Continue to use Morgan Stanley Smith Barney for the investment of funds.

No action taken due to lack of quorum.

Public comment was heard from the following individual(s):

None

4. General Public Comment

This time is reserved for members of the public to address the Committee relative to matters of CalMHSA not on the agenda. No action may be taken on non-agenda items unless authorized by law. Comments will be limited to three minutes per person and twenty minutes in total. The Committee may also limit public comment time regarding agenda items, if necessary, due to a lengthy agenda.

Public comment was heard from the following individual(s):

None

5. Closing Comments

Bill Walker, CalMHSA Treasurer, asked for any closing comments.

6. Adjournment

With no further comments, the meeting ended at 9:27 AM.

CalMHSA Board of Directors Investment Policy

Resolution No. 18-01

WHEREAS, CalMHSA recognizes the need to clearly identify the objectives and guidelines for the investment and management of funds,

WHEREAS, this policy is intended to comply with the California Government Code Sections 53600-53610 and 53630-53686,

NOW THEREFORE, the Board of Directors hereby confirms that the Board of Directors Investment Policy is effective as of the date of this meeting, April 11, 2018.

CALIFORNIA MENTAL HEALTH SERVICES AUTHORITY

Board of Directors Investment Policy

I. Statement of Purpose

The purpose of this document is to clearly identify the objectives and guidelines for the investment and management of funds under the direction of the California Mental Health Services Authority (CalMHSA). This policy is intended to comply with the California Government Code Sections 53600-53610.

II. Scope

This statement of investment policy applies to all financial assets of CalMHSA.

III. Delegation of Authority

The CalMHSA Board of Directors (or delegated Committee) is responsible for directing and monitoring the investment management of CalMHSA assets. The Board of Directors may delegate certain responsibilities to professional experts in various fields. These include, but are not limited to:

- A. **Investment Management Consultant.** The consultant may assist the Board of Directors in establishing investment policy, objectives, and guidelines; selecting investment managers; reviewing such managers over time; measuring and evaluating investment performance; and other tasks as deemed appropriate.
- B. **Investment Manager.** The investment manager has discretion to purchase, sell, or hold the specific securities that will be used to help meet the objectives.
- C. **Custodian.** The custodian will physically (or through agreement with a sub-custodian) maintain possession of securities, collect dividend and interest payments, redeem maturing securities, and effect receipt and delivery following

purchases and sales. The custodian may also perform regular accounting of all assets owned, purchased, or sold, as well as movement of assets into and out of applicable CalMHSA accounts.

IV. General Investment Principles

- A. Investments will be made solely in the interest of CalMHSA.
- B. Funds will be invested with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiarity with such matters would use in the investment of funds of like character and with like aims.
- C. Board members, staff and agents involved in the investment process must be free of conflict with proper execution of the investment program. This shall be accomplished by the following:
 - 1) Board members must comply with Government Code section 1090 et seq., which prohibits any involvement in a contract in which the director has an economic interest and
 - 2) Directors and staff involved in the investment process shall comply with the Conflict of Interest Code (disclosure as required under Resolution 09-01) and report conflicts as required by CalMHSA's Conflict of Interest Policy (Resolution 10-02).
- D. Investment Management Consultant, in concert with CalMHSA, will select socially responsible and value-based strategies to align the portfolio with beliefs consistent with its Board of Directors.

V. Investment Objectives (ranked in decreasing order of importance)

- A. Maintaining the safety of principal
- B. Meeting the liquidity needs of CalMHSA
- C. Attaining a market rate of return on the investments which is consistent with the constraints imposed by safety objectives and cash flow considerations.

VI. Investment Time Horizon

The time period over which the investment objectives, as described in this statement, are expected to be met is 0–3 years.

VII. Permitted Investments Under Government Code 53601

- A. Bonds issued by the local agency, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by the local agency or by a department, board, agency, or authority of the local agency.
- B. United States Treasury notes, bonds, bills, or certificates of indebtedness, or those for which the faith and credit of the United States are pledged for the payment of principal and interest.
- C. Registered state warrants or treasury notes or bonds of this state, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by the state or by a department, board, agency, or authority of the state.
- D. Registered treasury notes or bonds of any of the other 49 states in addition to California, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by a state or by a department, board, agency, or authority of any of the other 49 states, in addition to California.
- E. Bonds, notes, warrants, or other evidences of indebtedness of a local agency within this state, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by the local agency, or by a department, board, agency, or authority of the local agency.
- F. Federal agency or United States government-sponsored enterprise obligations, participations, or other instruments, including those issued by or fully guaranteed as to principal and interest by federal agencies or United States government-sponsored enterprises.
- G. Bankers' acceptances otherwise known as bills of exchange or time drafts that are drawn on and accepted by a commercial bank. Purchases of bankers' acceptances shall not exceed 180 days' maturity or 40 percent of the agency's moneys that may be invested pursuant to this section. However, no more than 30 percent of the agency's moneys may be invested in the bankers' acceptances of any one commercial bank pursuant to this section.

This subdivision does not preclude a municipal utility district from investing moneys in its treasury in a manner authorized by the Municipal Utility District Act (Division 6 (commencing with Section 11501) of the Public Utilities Code).

- H. Commercial paper of "prime" quality of the highest ranking or of the highest letter and number rating as provided for by a nationally recognized statistical rating organization (NRSRO). The entity that issues the commercial paper shall meet all of the following conditions in either paragraph (1) or (2):

(1) The entity meets the following criteria:

- (A) Is organized and operating in the United States as a general corporation.

(B) Has total assets in excess of five hundred million dollars (\$500,000,000).

(C) Has debt other than commercial paper, if any, that is rated in a rating category of "A" or its equivalent or higher by an NRSRO.

(2) The entity meets the following criteria:

(A) Is organized within the United States as a special purpose corporation, trust, or limited liability company.

(B) Has programwide credit enhancements including, but not limited to, overcollateralization, letters of credit, or a surety bond.

(C) Has commercial paper that is rated "A-1" or higher, or the equivalent, by an NRSRO.

Eligible commercial paper shall have a maximum maturity of 270 days or less. Local agencies, other than counties or a city and county, may invest no more than 25 percent of their moneys in eligible commercial paper. Local agencies, other than counties or a city and county, may purchase no more than 10 percent of the outstanding commercial paper of any single issuer. Counties or a city and county may invest in commercial paper pursuant to the concentration limits in subdivision (a) of Section 53635.

- I. Negotiable certificates of deposit issued by a nationally or state-chartered bank, a savings association or a federal association (as defined by Section 5102 of the Financial Code), a state or federal credit union, or by a federally licensed or state-licensed branch of a foreign bank. Purchases of negotiable certificates of deposit shall not exceed 30 percent of the agency's moneys that may be invested pursuant to this section. For purposes of this section, negotiable certificates of deposit do not come within Article 2 (commencing with Section 53630), except that the amount so invested shall be subject to the limitations of Section 53638. The legislative body of a local agency and the treasurer or other official of the local agency having legal custody of the moneys are prohibited from investing local agency funds, or funds in the custody of the local agency, in negotiable certificates of deposit issued by a state or federal credit union if a member of the legislative body of the local agency, or a person with investment decision making authority in the administrative office manager's office, budget office, auditor-controller's office, or treasurer's office of the local agency also serves on the board of directors, or any committee appointed by the board of directors, or the credit committee or the supervisory committee of the state or federal credit union issuing the negotiable certificates of deposit.
- J. (1) Investments in repurchase agreements or reverse repurchase agreements or securities lending agreements of securities authorized by this section, as long as the agreements are subject to this subdivision, including the delivery requirements specified in this section.

(2) Investments in repurchase agreements may be made, on an investment authorized in this section, when the term of the agreement does not exceed one year. The market value of securities that underlie a repurchase agreement shall be valued at 102 percent or greater of the funds borrowed against those securities and the value shall be adjusted no less than quarterly. Since the market value of the underlying securities is subject to daily market fluctuations, the investments in repurchase agreements shall be in compliance if the value of the underlying securities is brought back up to 102 percent no later than the next business day.

(3) Reverse repurchase agreements or securities lending agreements may be utilized only when all of the following conditions are met:

(A) The security to be sold using a reverse repurchase agreement or securities lending agreement has been owned and fully paid for by the local agency for a minimum of 30 days prior to sale.

(B) The total of all reverse repurchase agreements and securities lending agreements on investments owned by the local agency does not exceed 20 percent of the base value of the portfolio.

(C) The agreement does not exceed a term of 92 days, unless the agreement includes a written codicil guaranteeing a minimum earning or spread for the entire period between the sale of a security using a reverse repurchase agreement or securities lending agreement and the final maturity date of the same security.

(D) Funds obtained or funds within the pool of an equivalent amount to that obtained from selling a security to a counterparty using a reverse repurchase agreement or securities lending agreement shall not be used to purchase another security with a maturity longer than 92 days from the initial settlement date of the reverse repurchase agreement or securities lending agreement, unless the reverse repurchase agreement or securities lending agreement includes a written codicil guaranteeing a minimum earning or spread for the entire period between the sale of a security using a reverse repurchase agreement or securities lending agreement and the final maturity date of the same security.

(4) (A) Investments in reverse repurchase agreements, securities lending agreements, or similar investments in which the local agency sells securities prior to purchase with a simultaneous agreement to repurchase the security may be made only upon prior approval of the governing body of the local agency and shall be made only with primary dealers of the Federal Reserve Bank of New York or with a nationally or state-chartered bank that has or has had a significant banking relationship with a local agency.

(B) For purposes of this chapter, "significant banking relationship" means any of the following activities of a bank:

(i) Involvement in the creation, sale, purchase, or retirement of a local agency's bonds, warrants, notes, or other evidence of indebtedness.

(ii) Financing of a local agency's activities.

(iii) Acceptance of a local agency's securities or funds as deposits.

(5) (A) "Repurchase agreement" means a purchase of securities by the local agency pursuant to an agreement by which the counterparty seller will repurchase the securities on or before a specified date and for a specified amount and the counterparty will deliver the underlying securities to the local agency by book entry, physical delivery, or by third-party custodial agreement. The transfer of underlying

securities to the counterparty bank's customer book-entry account may be used for book-entry delivery.

(B) "Securities," for purposes of repurchase under this subdivision, means securities of the same issuer, description, issue date, and maturity.

(C) "Reverse repurchase agreement" means a sale of securities by the local agency pursuant to an agreement by which the local agency will repurchase the securities on or before a specified date and includes other comparable agreements.

(D) "Securities lending agreement" means an agreement under which a local agency agrees to transfer securities to a borrower who, in turn, agrees to provide collateral to the local agency. During the term of the agreement, both the securities and the collateral are held by a third party. At the conclusion of the agreement, the securities are transferred back to the local agency in return for the collateral.

(E) For purposes of this section, the base value of the local agency's pool portfolio shall be that dollar amount obtained by totaling all cash balances placed in the pool by all pool participants, excluding any amounts obtained through selling securities by way of reverse repurchase agreements, securities lending agreements, or other similar borrowing methods.

(F) For purposes of this section, the spread is the difference between the cost of funds obtained using the reverse repurchase agreement and the earnings obtained on the reinvestment of the funds.

K. Medium-term notes, defined as all corporate and depository institution debt securities with a maximum remaining maturity of five years or less, issued by corporations organized and operating within the United States or by depository institutions licensed by the United States or any state and operating within the United States. Notes eligible for investment under this subdivision shall be rated in a rating category of "A" or its equivalent or better by an NRSRO. Purchases of medium-term notes shall not include other instruments authorized by this section and shall not exceed 30 percent of the agency's moneys that may be invested pursuant to this section.

L. (1) Shares of beneficial interest issued by diversified management companies that invest in the securities and obligations as authorized by subdivisions (a) to (k), inclusive, and subdivisions (m) to (q), inclusive, and that comply with the investment restrictions of this article and Article 2 (commencing with Section 53630). However, notwithstanding these restrictions, a counterparty to a reverse repurchase agreement or securities lending agreement is not required to be a primary dealer of the Federal Reserve Bank of New York if the company's board of directors finds that the counterparty presents a minimal risk of default, and the value of the securities underlying a repurchase agreement or securities lending agreement may be 100 percent of the sales price if the securities are marked to market daily.

(2) Shares of beneficial interest issued by diversified management companies that are money market funds registered with the Securities and Exchange Commission under the Investment Company Act of 1940 (15 U.S.C. Sec. 80a-1 et seq.).

(3) If investment is in shares issued pursuant to paragraph (1), the company shall have met either of the following criteria:

(A) Attained the highest ranking or the highest letter and numerical rating provided by not less than two NRSROs.

(B) Retained an investment adviser registered or exempt from registration with the Securities and Exchange Commission with not less than five years' experience investing in the securities and obligations authorized by

subdivisions (a) to (k), inclusive, and subdivisions (m) to (q), inclusive, and with assets under management in excess of five hundred million dollars (\$500,000,000).

(4) If investment is in shares issued pursuant to paragraph (2), the company shall have met either of the following criteria:

(A) Attained the highest ranking or the highest letter and numerical rating provided by not less than two NRSROs.

(B) Retained an investment adviser registered or exempt from registration with the Securities and Exchange Commission with not less than five years' experience managing money market mutual funds with assets under management in excess of five hundred million dollars (\$500,000,000).

(5) The purchase price of shares of beneficial interest purchased pursuant to this subdivision shall not include commission that the companies may charge and shall not exceed 20 percent of the agency's moneys that may be invested pursuant to this section. However, no more than 10 percent of the agency's funds may be invested in shares of beneficial interest of any one mutual fund pursuant to paragraph (1).

- M. Moneys held by a trustee or fiscal agent and pledged to the payment or security of bonds or other indebtedness, or obligations under a lease, installment sale, or other agreement of a local agency, or certificates of participation in those bonds, indebtedness, or lease installment sale, or other agreements, may be invested in accordance with the statutory provisions governing the issuance of those bonds, indebtedness, or lease installment sale, or other agreement, or to the extent not inconsistent therewith or if there are no specific statutory provisions, in accordance with the ordinance, resolution, indenture, or agreement of the local agency providing for the issuance.
- N. Notes, bonds, or other obligations that are at all times secured by a valid first priority security interest in securities of the types listed by Section 53651 as eligible securities for the purpose of securing local agency deposits having a market value at least equal to that required by Section 53652 for the purpose of securing local agency deposits. The securities serving as collateral shall be placed by delivery or book entry into the custody of a trust company or the trust department of a bank that is not affiliated with the issuer of the secured obligation, and the security interest shall be perfected in accordance with the requirements of the Uniform Commercial Code or federal regulations applicable to the types of securities in which the security interest is granted.
- O. A mortgage passthrough security, collateralized mortgage obligation, mortgage-backed or other pay-through bond, equipment lease-backed certificate, consumer receivable passthrough certificate, or consumer receivable-backed bond of a maximum of five years' maturity. Securities eligible for investment under this subdivision shall be issued by an issuer rated in a rating category of "A" or its equivalent or better for the issuer's debt as provided by an NRSRO and rated in a rating category of "AA" or its equivalent or better by an NRSRO. Purchase of securities authorized by this subdivision shall not exceed 20 percent of the agency's surplus moneys that may be invested pursuant to this section.
- P. Shares of beneficial interest issued by a joint powers authority organized pursuant to Section 6509.7 that invests in the securities and obligations authorized in subdivisions (a) to (q), inclusive. Each share shall represent an equal proportional interest in the underlying pool of securities owned by the joint powers authority. To be eligible under this section, the joint powers authority issuing the shares shall have retained an investment adviser that meets all of the following criteria:

(1) The adviser is registered or exempt from registration with the Securities and Exchange Commission.

(2) The adviser has not less than five years of experience investing in the securities and obligations authorized in subdivisions (a) to (q), inclusive.

(3) The adviser has assets under management in excess of five hundred million dollars (\$500,000,000).

- Q. United States dollar denominated senior unsecured unsubordinated obligations issued or unconditionally guaranteed by the International Bank for Reconstruction and Development, International Finance Corporation, or Inter-American Development Bank, with a maximum remaining maturity of five years or less, and eligible for purchase and sale within the United States. Investments under this subdivision shall be rated in a rating category of "AA" or its equivalent or better by an NRSRO and shall not exceed 30 percent of the agency's moneys that may be invested pursuant to this section.

(Amended by Stats. 2016, Ch. 366, Sec. 12. (SB 974) Effective January 1, 2017.)

VIII. Investment Guidelines and Constraints

- A. To support the stated investment objectives, the portfolio must be constructed to minimize risk and maintain marketability.
- B. Investment maturities will be based on and scheduled to meet anticipated cash flow needs.
- C. Where this investment policy specifies maximum percentage limitations or credit quality criteria, the limitations and criteria are applicable at the date of purchase. If subsequent to the time of purchase, the credit quality of a holding falls below the allowed rating, the Investment Manager will notify CalMHSAs and recommend a course of action. In the event that the percentage limit guidelines are exceeded subsequent to the time of purchase, the Board expects the Investment Manager to bring the portfolio into compliance within a time frame which allows for good trade execution.

IX. Reporting

- A. Monthly statements showing positions marked to the market, all transactions, and summary of income will be provided to CalMHSAs by the investment manager(s) and custodian.
- B. Quarterly investment performance and asset allocation reports will be provided to CalMHSAs by the Investment Management Consultant and Investment Manager
- C. The Treasurer shall submit a quarterly report to the Board of Directors which complies with the requirements of Government Code Sections 53646 (b) and (c).

X. Investment Policy Adoption and Review

- A. The CalMHSA investment policy shall be adopted by the Board of Directors.
- B. The investment policy shall be reviewed on an annual basis by the Finance Committee and Board of Directors.
- C. Modification to the investment policy must be approved by the Board of Directors.

Date Adopted: April 11, 2018

Date of Last Revision: N/A

Replaces Resolution No: N/A

Ayes: _____ Noes: _____ Abstains: _____ Absent: _____

NAME	TITLE	DATE
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PROGRAM MATTERS
Agenda Item 6.A

SUBJECT: STATE HOSPITAL BED PROGRAM UPDATE

ACTION FOR CONSIDERATION:

Affirm Board's desire to submit an LOI to Paso Robles by July 1, 2018, and seek direction from Board regarding next steps.

BACKGROUND AND STATUS:

At the April 23, 2012 Strategic Planning Session, staff was asked to work with CMHDA in exploring the JPA acting on behalf of member counties in the negotiations of the annual procurement contract with the state for state hospital beds.

Memorandum of Understanding (MOU) Amendment:

Since 2012, CalMHSA, in collaboration with counties, has negotiated the terms of the MOU for procurement of state hospital beds, which has attributed to significant benefits to all counties procuring beds.

Due to the FY 14/15 & FY 15/16 MOU being finalized late, CalMHSA recommended an Amendment to the MOU be issued that extends the term for an additional three (3) years through June 30, 2019. This extension will only affect the term of the contract, as all other terms remain in effect.

To date, CalMHSA has received executed MOUs from a majority of member counties for FY 2018-19. However, the following counties are still in the process of executing their agreements:

- Fresno
- Inyo
- Kern
- Marin
- Mariposa
- Mendocino
- Mono
- Plumas
- San Joaquin
- Santa Clara
- Sonoma
- Trinity
- Tulare

As a reminder, CalMHSA will need executed MOUs from participating counties prior to the commencement of FY 2018-19 on July 1, 2018 in order for those counties to secure beds pursuant to their purchase commitments.

Meetings with DSH:

A work group was previously formed consisting of Los Angeles, Orange, Napa, Riverside and Sacramento counties, CalMHSA staff and DSH staff, for the purpose of holding regularly-scheduled meetings that would allow a more streamlined process in addressing county concerns and providing solutions related to bed access and the services being provided. One product of this work group has been the development of a white paper to provide an overview of the project along with the goals and specifications for proposed facilities. The group had not convened since June of 2017,

but has since resumed meetings, conducting two conference calls during the month of March (3/5/2018 and 3/26/2018). The group is also scheduled for an in-person meeting with DSH staff on Wednesday, May 16, 2018; two important areas of focus for this meeting will be on issues around *admissions/transfer/release and third-party billing for potential commitments*.

Alternative to State Hospital Beds:

A State Hospital Committee was later formed, of which on December 12, 2013, determined there was a need to seek alternatives to state hospitals in an effort to seek other opportunities to state hospitals. As such, three proposals were submitted with Correct Care Solutions (CCS) having been selected as the lead entity to guide us in this venture.

Commitment – In light of, the work being done with CCS for state hospital type services, CalMHSA staff initiated conversations with counties as to the level of financial commitment anticipated in order to secure alternatives to state hospital beds. As part of this discussion, staff has distributed a survey to counties to gauge the potential utilization of sites in both Paso Robles. To date, twenty-one (21) counties have responded indicating their interest, as well as additional service types/models that counties might like. Counties are encouraged to initiate internal/local discussions related to the need and demand, followed by the level of commitment, and provide any relevant information to CalMHSA to guide the development of the project.

Northern California Efforts – CalMHSA and CCS have previously performed three site visits within Fresno County and were in preliminary discussions regarding viability of some sites within Monterey County, which was later determined to not have a viable location at this time. Additionally, a site in Stockton (San Joaquin County) was suggested as possibly being a viable option, however CalMHSA has since been informed that the state has identified a use for the site and will maintain control/ownership of the property.

Southern California Efforts – Since then, CalMHSA staff and CCS have had the opportunity to meet with Los Angeles County and have conducted several site visits of locations for potential facilities. At this time, representatives for the project have identified a site in Paso Robles (San Luis Obispo County) that could be utilized for development of an LPS facility.

CalMHSA staff and CCS have had two meetings with the City to include two site visits. The City is continues its receptiveness and welcoming of CalMHSA's intent for a facility for LPS beds. They are looking at a mixed use approach serving the Central Coast and Southern Counties. The City has also indicated having received the initial price from the state for the property, however they are currently going through the process of renegotiating that price.

The City desires to take ownership as soon as possible and are fully prepared to acquire the site as their funding is in place.

Given their interest in CalMHSA's project, the City is interested in obtaining some level of commitment from CalMHSA by July1, 2018 (Letter of Intent). The City is also prepared to provide any necessary information to the CalMHSA Board to include the City Manager's attendance.

The Paso Robles site specs overview is attached.

Ideally, a master agreement will be in place with sub agreements within. The bed commitment agreement with counties would be very similar to what counties currently have in place with the state department for procurement of beds. Staff believes there will be an initial commitment of funds from the counties to CalMHSA for demonstrating a reality of a letter of intent. How much that will be, is unknown, but the goal is that it would be minimal but sufficient enough to demonstrate the sincerity of this project. The next commitment may not take place until such time this becomes operational, which is uncertain, but hopeful.

If possible, the preference would be to remain with same concept of the current blended rate, however as a reminder, the current state hospitals bed rates have been frozen for over six years, therefore the current rate is somewhat misleading. That said, not including the development costs (as they are unknown), the operations budget could be estimated the current state contracted per diem rates (626/775).

Jeremy Barr, CCS, has provided a draft proposed plan for a Phase I of an LPS facility.

Staff is seeking the CalMHSA Board's direction as to its desire to initiate a letter of intent with the City of Paso Robles and next steps.

FISCAL IMPACT:

None for CalMHSA, however significant for Counties.

RECOMMENDATION:

Affirm Board's desire to submit an LOI to Paso Robles by July 1, 2018, and seek direction from Board regarding next steps.

TYPE OF VOTE REQUIRED:

None, information only.

REFERENCE MATERIAL(S) ATTACHED:

- State Hospital Bed White Paper
- El Paso de Robles YCF Site Summary
- City of Paso Robles Meeting Notes – February 21, 2018
- State Hospital Bed County Survey and Summary of Results
- Correct Care Solutions – Paso Robles Site Overview
- Cannon Design Overview
- Timeline
- Overview of Contractual Relationships
- Sample Bed Procurement Agreement
- Sample Letter of Intent – Proposal to Lease

STATE HOSPITALS LPS ALTERNATIVE PROJECT PROPOSAL

EXECUTIVE SUMMARY

The California Mental Health Services Authority (CalMHSA) is an independent administrative and fiscal government agency focused on the efficient delivery of California mental health projects. CalMHSA was established by California counties in July 2009, as a Joint Powers Authority (JPA). CalMHSA's member counties work together (statewide, regionally, or locally) to develop, fund, and implement mental health services, projects, and educational programs; and implement these services at state, regional, and local levels. (See Gov. Code §6500 et seq.)

CalMHSA and its members have produced incredible results since inception. None more than the efforts with one-time statewide funds for Prevention and Early Intervention (PEI), composed of three comprehensive and coordinated initiatives that articulated how the JPA implemented Mental Health Services Act funds to prevent suicides, reduce stigma and discrimination, and improve the mental health of California's students.

CalMHSA was also asked to provide services surrounding the counties use and procurement of patient Lanterman-Petris-Short (LPS) beds from the State of California, including the negotiation of the Memorandum of Understanding (MOU) for such beds. During this process, it became evident that counties would benefit from expanding the pool of providers for these beds.

As a result, CalMHSA was directed to research other possible providers. Upon going through a Request for Interest process, Correct Care Solutions (CCS) was selected as the provider. Since 2014, CalMHSA, in collaboration with its member counties and CCS, has sought to acquire or build a Mental Health Rehabilitation Center (MHRC) facility, for the placement of patients on LPS conservatorship that will serve as an alternative to the services currently provided by California State Hospitals. This collaboration has produced several different potential opportunities and remains hopeful that it will put forth a recommendation as sites are located.

GOAL

The goal of this project is to increase bed capacity statewide and obtain greater control of care and costs through the acquisition or construction/renovation of a facility that will, at a minimum, provide inpatient services at the same levels of care that currently exist in California State Hospitals or other Institutions for Mental Diseases (IMDs) to persons with mental disorders, in accordance with Welfare and Institutions Code (WIC) Section 4100 et eq..

The project will be developed using either a model of design-build-finance or the renovation of publicly-owned property with a goal to secure placement for patients on LPS conservatorships within 24 months of site identification. The contracted provider, CCS, will serve as developer for the project and arrange for all necessary financing, permitting, architectural design, construction, and licensing requirements. In order to obtain the necessary project financing, counties will be required to enter into contracts with CalMHSA to purchase beds from the newly developed facility.

STATE HOSPITALS LPS ALTERNATIVE PROJECT PROPOSAL

PROPOSED SOLUTION

Structure, Design and Implementation Goal

- Bed target – 300
- Location: Paso Robles
- Contract with CCS
- CCS subcontracts with appropriate entities
- Financial Obligations/Structure
 - Contract between CCS and CalMHSA (cancellable)
 - Bed commitments
 - Rates at or below current rates
 - Includes in third party pay reimbursements
- Preferred Location
 - 40+ acre site
 - Modern space planning and design efficiencies
 - Single-story, radial design to ensure safe environment for patients and staff
 - Proximity to electricity, gas, water, and other utilities
 - Larger campuses would provide opportunity to develop a social services campus in collaboration with City, County, and/or private entities
 - State or County-owned property avoids/mitigates zoning issues
 - Compatible adjacencies – undeveloped state-owned land, municipal airport, detention facilities, etc.
 - Existing usable spaces that are not connected to central plant (i.e., maintenance/warehouse, infirmary building, housing, visitation, classrooms, etc.)
 - Locations attractive to professional staff
 - All utilities onsite
 - CEQA compliant
 - Existing properties (200,000+ sf) that can be renovated

BENEFITS TO COUNTIES/MEMBERS

- Greater care and operational responsibility to counties
- Move from no control to total control
- Alleviate census pressure on state-operated facilities
- Anticipated bed rate reduction
- Reduced length of stay – resulting in potential savings
- Create an alternative to DSH for a competitive environment
- Ability to manage third party pay billing and collections
- Managing increased bed need with increased bed availability
- Enhancements of accountability
 - PAMM Tablet Technology
 - Performance Dashboards
 - Video Monitoring

STATE HOSPITALS LPS ALTERNATIVE PROJECT PROPOSAL

- Key Control System
- Management by Walking Around
- o Increased efficiencies
 - Kronos®
 - Remote Physician Assessments
 - Automated Policy Management
 - Learning Management System (LMS)
 - Online Credentialing Software
 - Electronic Medical Records
 - eCommerce Foodservice Procurement
- o Improvements in quality of care
 - Aftercare Team
 - Recovery Plan Coordinator
 - Employee Assistance Program

Assessment of Potential County Site

- Benefits to County housing facility
 - o Estimated \$100 - \$150 million capital development
 - Capital development
 - Who pays—participating counties on a tiered use basis
 - How to pay options
 - Up front
 - Amortized
 - Life of project/product
 - Pay as you go—most expensive
 - o Estimated \$50 million annual operations budget
 - o Estimated \$15 - \$20 million increased annual consumer consumption (housing, retail, staples, etc.)
 - o Increased property tax revenue
 - o ~350 construction/trades professionals working for ~18 months
 - o ~400 healthcare professionals as part of ongoing operations
 - o Opportunities for academic partnerships through internships, residency, and other training programs
 - o Relationships to others in the community (e.g., university, dentistry, specialists)

CHALLENGES

Locating a Site:

- Existing housing is often not suitable for behavioral health population – may require engineering review to determine feasibility and scope of renovations
- Large campus may require subdividing
- Usable buildings (classroom building, visitation) are sometimes interspersed amongst older buildings

STATE HOSPITALS LPS ALTERNATIVE PROJECT PROPOSAL

- Older construction often has asbestos and/or lead that makes demolition cost prohibitive
- Many larger campuses are dependent on a central plant, which is labor and cost intensive to maintain and operate
- Surplus real estate may be too far from southern California population centers

Transaction:

- Complexities of transaction
- Numerous participants
- Commitments from members
- Funding structure

Others:

- Community opposition
- Labor force
- Local/state requirements
- Addressing potential concerns
 - Licensed and accredited facility
 - Secure facility with CCTV monitoring, trained security staff, and fenced perimeter
 - Off-site medical appointments accompanied by security staff
 - MOUs established with local hospitals, fire department, law enforcement, etc.
- State response
 - Include in local security
 - Discharge in county – public safety

ACTIVITIES TO DATE

Site Visit History

- Los Angeles - Lancaster (High Desert Hospital) – February 24, 2016
- Fresno – Fresno Juvenile Detention Center – March –April 2016
- Orange - Norwalk (SCYRCC) – November 15, 2016
- San Bernardino - Chino (Heman G. Stark Facility) – February 28, 2017
- San Luis Obispo - Paso Robles (Estrella Youth Correctional Facility) – March 2, 2017, Second site visit February 21, 2018
- San Joaquin - Stockton Northern CA Women’s Facility – March 3, 2017

NEXT STEPS

CalMHSA’s highest priority is to seek alternatives and has focused heavily on this mission since 2014. As such, our next steps are as follows:

- Paso Robles – Expression of Interest (July, 2018)
- Los Angeles - Lancaster (High Desert Hospital) – 5th District Supervisor Meeting (*November 27, 2017 @ 3:30pm*)
- Los Angeles/Downey (Los Padrinos Juvenile Hall) – Site Visit (*February – March 2018*)

STATE HOSPITALS LPS ALTERNATIVE PROJECT PROPOSAL

- Stockton (Northern CA Women’s Facility)- Follow up Site Visit & Webinar for Interested Counties (February – March 2018)
- Sonoma (Child Development Center) – Site Visit (February – March 2018)

BACKGROUND/ HISTORY

CalMHSA

CalMHSA is an independent administrative and fiscal government agency focused on the efficient delivery of California mental health projects. CalMHSA was established by California counties in July 2009, as a JPA. CalMHSA’s member counties work together to develop, fund, and implement mental health services, projects, and educational programs; and implement these services at state, regional, and local levels. (See Gov. Code §6500 et seq.)

CalMHSA is governed by a separate Board of Directors composed of representatives of Member Counties and an Executive Committee comprised of officers and Statewide Regional Representatives. CalMHSA operates within the statutes governing JPA entities and complies with the Brown Act open meeting requirements.

California is the most populous state in the United States and third largest state by area, encompassing 163,696 square miles. There are 58 counties and 2 city programs in California, 9 of these 53 counties, one city, and one JPA, are members of CalMHSA.

STATE HOSPITALS PROGRAM

On April 13, 2012 at the CalMHSA Annual Strategic Planning Session, the members directed staff to work in collaboration with the California Behavioral Health Directors Association (CBHDA) in an effort to explore the feasibility of the JPA acting on behalf of member counties (and possibly non-member counties via a contractual agreement) in the development of an annual purchase agreement with the new Department of State Hospitals (DSH) for a statewide utilization of state hospitals beds (as provided under sections 4330 et seq. of WIC). Counties collectively pay between \$90-130 million for the procurement of state hospital beds, and expressed their angst regarding the annual rate increases of 22%, which was imposed by the Department of State Hospitals (DSH) without the ability for counties to negotiate the terms of their contract with the state department.

Since that time, CalMHSA has worked collaboratively with DSH and other state agencies in analyzing issues, such as patient care, wait lists, third-party pay, and compliance with statutes, amongst others. As a result of this work and collaborative efforts, \$20 million in cost savings to counties has been projected since Fiscal Year 2013-14. Contributions for the projected cost savings are as follows:

- Freezing of Rates (*approximately \$6 million cost savings*) – Acknowledging the DSH was unable to provide counties with “actual cost accounting” for each hospital, as required by statute, it was agreed the DSH would freeze the rates until such time they are able to comply with the statute. The estimated cost savings is based on an assumption of the 22% rate increase imposed by DSH each year.

STATE HOSPITALS LPS ALTERNATIVE PROJECT PROPOSAL

- Blended Rate (*approximately \$2 million cost savings*) - Moved from a three-rate structure (Acute \$646, ICF \$617, SNF \$775), to a two rate (Acute/ICF \$626, SNF \$775 (blended rate)).
- Billing Based on Actual Usage (*approximately \$12 million cost savings*) - Moved from a commitment-based billing to actual use; therefore, counties are no longer paying for beds not used.

ALTERNATIVES TO STATE HOSPITALS

In this process, it was determined that one of the largest issues at state hospitals, was and continues to be, a lack of capacity. Therefore, the State Hospital Committee requested approval by the CalMHSa Board to develop an RFI for the purpose of identifying inpatient alternatives to placing individuals in DSH facilities, which would require a national solicitation of interest.

In September 2014, an RFI was developed and released to elicit responses from interested entities with the experience and capability to provide inpatient services at the same levels of care that currently exist at California State Hospitals or IMDs to persons with mental disorders, in accordance with Welfare & Institutions Code (WIC) Section 4100 et eq.

The selected entity would be required to comply with all applicable federal and state laws, licensing regulations and provide acute/long term inpatient and skilled nursing services, in accordance with generally accepted practices and standards prevailing in the professional community at the time of treatment.

The selected entity would be required to provide core treatment team services that are the core to a patient's stabilization and recovery. These teams are to provide highly structured treatment for mental rehabilitation and re-socialization in preparation for an open treatment setting or community placement.

Services would be provided statewide in an effort support the needs of the California's diverse geographic regions.

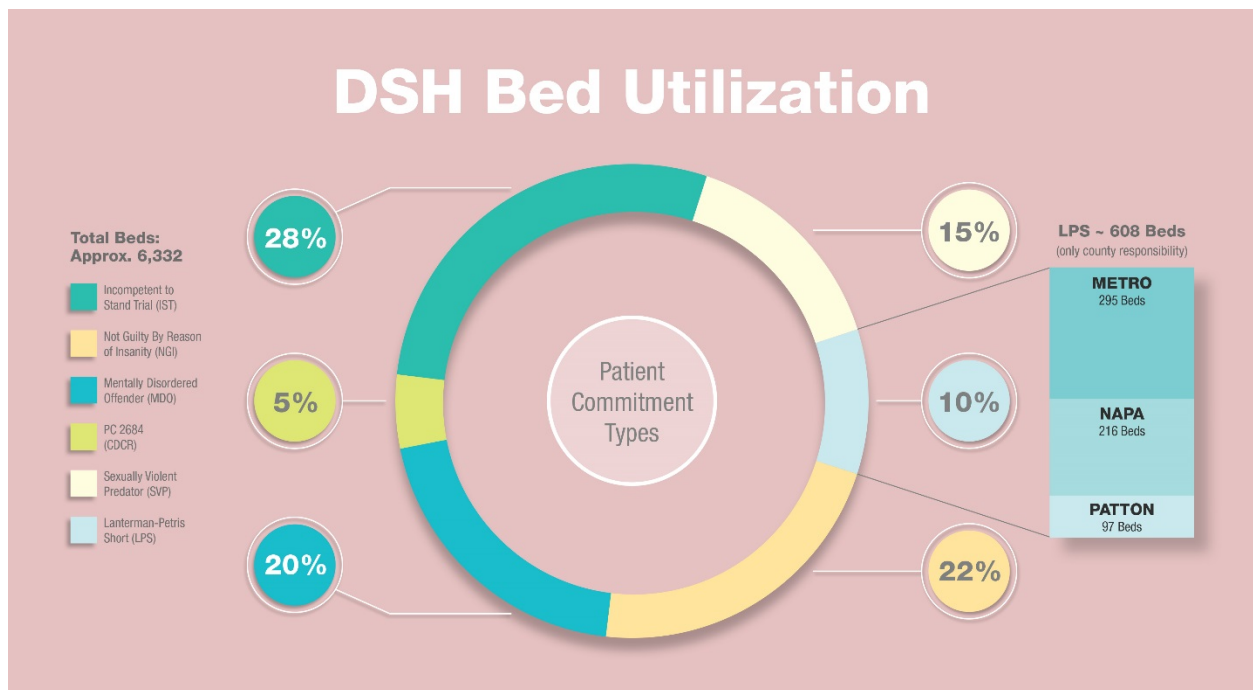
As a result of the RFI, there were two proposals and one (1) letter of interest received. The State Hospital Committee held interviews with all three interested entities. The committee was in full agreement that CCS clearly demonstrated to be the most qualified with the experience and expertise required to meet the needs of California Counties. CCS is based out of Nashville, TN and has more than 17 years of experience operating psychiatric facilities in multiple states, including experience with civil, forensic, sex offender, youth, adult, and geriatric populations. CCS specializes in treating high-risk and vulnerable populations, with additional experience delivering behavioral healthcare and other secure treatment services to government agencies.

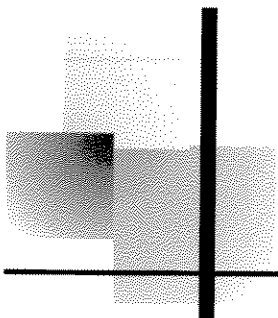
CalMHSa has entered into an MOU with CCS for the purpose of collaborative efforts in the initial phase of research and development of alternatives to state hospitals. Since this time, CCS has availed itself for site visits to potential sites, presentations to the CalMHSa Board, Committee, and county specific meetings throughout the state.

STATE HOSPITALS LPS ALTERNATIVE PROJECT PROPOSAL

Overview of Current DSH Operations

- Approximately **6,300** beds at five DSH-operated facilities (excludes ~1,000 beds at three CDCR facilities)
- Remaining 10% of state-operated beds serve LPS population at three locations:
 - Metropolitan State Hospital
 - Napa State Hospital
 - Patton State Hospital
- ~90% of state-operated beds are utilized by justice-involved patients, *which are not the responsibility of the county*:
 - Incompetent to stand trial (IST): **28%**
 - Not guilty by reason of insanity (NGI): **22%**
 - Mentally disordered offenders (MDO): **20%**
 - Referrals from California Department of Corrections and Rehabilitation (CDCR): **5%**
 - Sexually violent predators (SVP): **15%**
- **910** additional IST patients awaiting hospital bed (Feb. 2018)
- Other step-down services at these facilities
 - Step-down co-located





**THE DIVISION OF JUVENILE
JUSTICE OF THE CALIFORNIA
DEPARTMENT OF CORRECTIONS
AND REHABILITATION**



EL PASO DE ROBLES YCF

DAVE BACIGALUPO
SUPERINTENDENT (A)
4545 Airport Road
Paso Robles, CA 93446

Phone: 805-227-2520
Fax: 805-227-2568
Email: dbacigalupo@cya.ca.gov
September 1, 2006

ADMINISTRATION AND MANAGEMENT

DAVID BACIGALUPO, Superintendent (A)
Barbara Gordon, Executive Secretary
Vacant, Assistant Superintendent
Jan Page, Secretary
CLEMENTE RODRIGUEZ, Chief Medical Officer
Theresa Greenwood, Supervising Nurse

MANAGEMENT STAFF

Randy Means	Chief of Security II (A)
James Bonnifield	Business Manager
Vacant	Program Administrator
Josie Slonski	Parole Agent III
Art Westerfield	Principal
Vacant	Academic Assistant Principal
Linda Nursement	Academic Assistant Principal
Robert Gundrum	Chief, Plant Operations
Misty Weferling	Personnel Services Supervisor I (A)
David Crowder	Food Service Manager
Patrick Mullen	Training Officer
Bobbie Smith	Health & Safety Officer

TREATMENT TEAM SUPERVISORS

Robert Martinez	Cambria, Los Osos West, Pismo
Christine Pacheco	Nacimiento, Arroyo, Cayucos
Vacant	Wards Rights Coordinator

RELIGIOUS SERVICES

Robert Curry	Protestant Chaplain
Hassan Rashad	Muslim Chaplain
Jose Ojeda	Catholic Chaplain

MENTAL HEALTH

Contract	Psychiatrist
Jan Marie Alarcon	Clinical Psychologist
Scott Smith	Clinical Psychologist

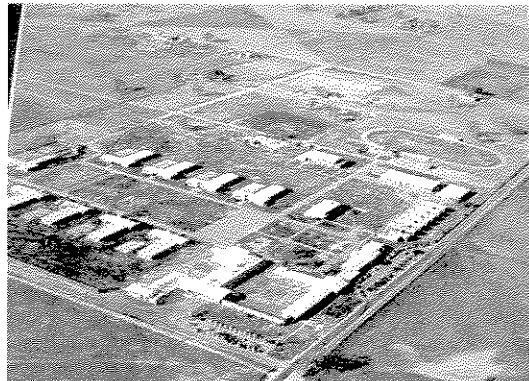
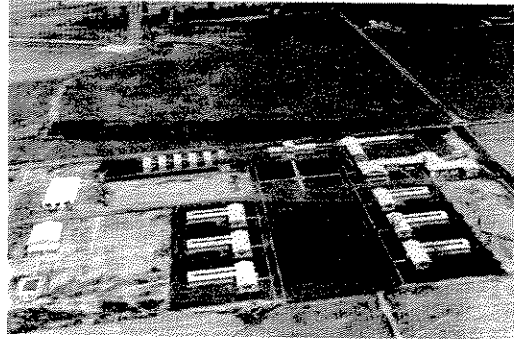
History

The El Paso de Robles Youth Correctional Facility opened in 1947 as the Paso Robles School for Boys. It was originally housed in Quonset huts, on 140 acres of the abandoned Estrella Army Corps Base. This property was acquired by the State of California after World War II.

Most of the institution, as we know it today, administration and living units were completed in 1954 with a design capacity of approximately 300 wards.

Due to a declining ward population, the institution was closed briefly in 1972. It reopened two years later as El Paso de Robles School.

The 1980's brought a significant increase in population as well as new construction. 1988, marked by completion of the 140 bed Los Robles Forestry Camp, a maintenance complex and a security control center. The Skip Ottoson Visiting and Training Center as well as an additional 180 bed living unit were completed in 1990. In 2001 a state of the art Out-patient Housing Unit was completed replacing a 1954 infirmary. The Education Department was remodeled in 2004 adding a 6 new classrooms and upgrading the air condition system.



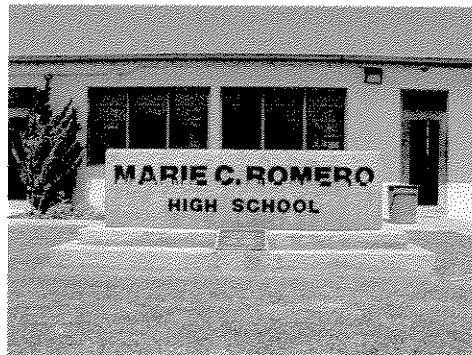
FACILITY DESCRIPTION

The facility was designed to house 300 wards. New construction has increased designed housing capacity to **732**. Current population is **208**.

The Administration Building and a chain link fence make up the outer walls of the institution on the east. The interior security area of the institution is enclosed within a chain link fence. All chain link fencing is twelve (12) feet tall and topped with two strands of razor wire. All buildings used by wards and custody, administrative, education and ancillary staff are primarily modern, reinforced brick structures, six to eight inches thick.

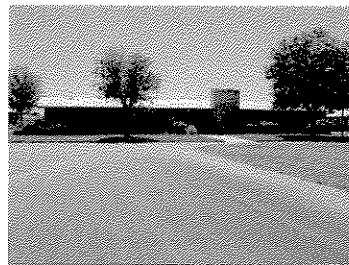
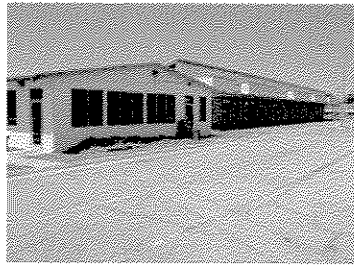
Gates and fences are twelve feet high. The west sally-port gate is electrically operated through the use of a key by specified on-site personnel. This gate provides access to the institution for vehicular traffic.

The north, east and west fences have gates which can accommodate vehicular traffic. The fence is equipped with a fence alarm system that sounds an alarm in Main Control. A video fence surveillance system allows visual inspection of the fence area by Main Control. The institution sits on approximately 60 acres this including the parking areas and Plant of Operations.



Building Description

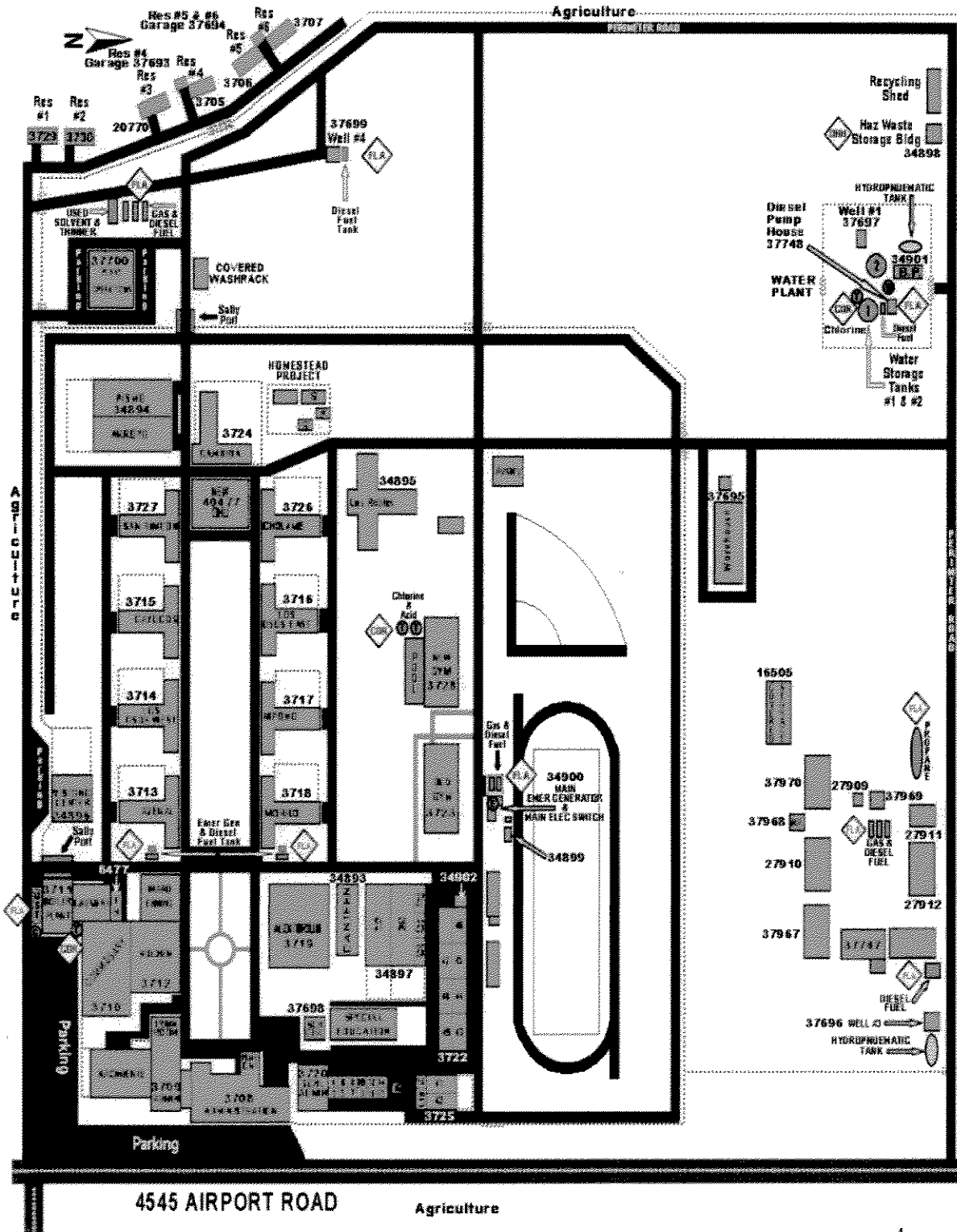
	<u>Living Units</u>	<u>Ward Capacity</u>	<u>Building #</u>
1.	Avenal Cottage	50	3713
2.	Cholame Cottage	50	3726
3.	Nacimiento Cottage TD	32	3709
4.	Los Robles Cottage	100	34395
5.	Morro Cottage	50	3718
6.	Cayucos Cottage	50	3715
7.	Los Osos East Cottage	50	3716
8.	Los Osos West Cottage	50	3714
9.	Nipomo Cottage	50	3717
10.	Cambria Cottage	40	3724
11.	270 Unit (Arroyo)	96	34894
12.	270 Unit (Pismo)	96	34894
13.	San Simeon Cottage	50	3727



Support Services Buildings

	<u>Building</u>
1. Out Patient Housing Unit	40477
2. Training Center	3709
3. Dining Hall	3712
4. Food Preparation-Storage	3712
5. Laundry-Boiler Room	3711
6. Academic Offices	3720
7. Academic Classrooms	3720/37223/3769
8. Visiting Hall	34896
9. Library	3725
10. Vocational Shops	3725/34902/34897
11. Gymnasiums	3728/3723
12. Auditorium	3719
13. Plant of Operations	37700
14. Canteen Building	34893
15. Emergency Generators	34900
16. Administration	3708
17. Swimming Pool	3728
18. California Div. Of Forestry	27910/37967/37968/27909/37969/27911

Facility Map



4545 AIRPORT ROAD

Agriculture

CITIZEN'S ADVISORY COMMITTEE

This group is composed of approximately 20 individuals from throughout San Luis Obispo County, and from all walks of community life. Their function is to provide information sharing and education as to who we are and what we are all about; to enhance citizen participation and community involvement at El Paso de Robles Youth Correctional Facility ; to enhance the community's awareness of the various public service projects available within the Youth Authority ; to act as spokespersons for the institution by assisting in promoting and communicate the activities and accomplishments of the school and staff; to sponsor annual fund raisers ; to advise the Superintendent of El Paso de Robles Youth Correctional Facility.

WARD ADVISORY COMMITTEE

The Ward Advisory Committee is comprised of ward representatives from each of the living units. The committee members are selected by their peers and meet with the Superintendent a minimum of one time each month. The group's main function is to discuss general ward concerns, potential problem areas, along with suggestions for needed corrective action. At the El Paso de Robles Correctional Facility, the committee is actively involved in fund raising projects which benefit worthwhile causes and programs throughout the year. The Committee also assists the Superintendent in developing and maintaining public service projects which creates training and treatment opportunities and at the same time gives back to the local community.



VOLUNTEER SERVICES AND CITIZEN PARTICIPATION

El Paso de Robles Youth Correctional Facility proudly boasts over 110 volunteers for the primary purpose of enhancing and increasing Religious Services, all denominations services to the ward population. The volunteer programs have also become an excellent means for community involvement and at the same time provides concrete role models for the wards within our community.

- Annual Emanuel
- Match-two (M2)
- Victims' Assistance
- Surrogate Parents
- Employability Skills & Job Training
- Special Speakers' Bureau
- Family Planning
- Education Aides
- Psychological Interns

CITY OF PASO ROBLES – CALMHSA ALTERNATIVES TO STATE HOSPITALS

February 21, 2018

SITE VISIT (9AM-10:30AM)

Steve Gregory –Council Member, City of Paso Robles
Devon Vandergon –Building Technician, City of Paso Robles
Steve Martin –Mayor, City of Paso Robles
Dick McKinley – Public Works Director, City of Paso Robles
Freda Berman – Maintenance Superintendent, City of Paso Robles
Julie Dahlen – Community Services Director, City of Paso Robles
Anne Robin – Behavioral Health Administration, San Luis Obispo County/CalMHSA Board Member
John Chaquica – COO, CalMHSA
Will Ransom, Cannon
Tim Rommel, Cannon
Patrick McCurdy, Cannon
Jeremy Barr, Correct Care Services Director
Katherine Osborne, Correct Care Services
Martin Indvik, Lee & Associates
Jeff Allen, Lee & Associates

City Manager’s Meeting-- ATTENDEES (11AM-12NOON)

Steve Gregory –Council Member, City of Paso Robles
Tom Frutchey, City Manager of City of Paso Robles
Martin Indvik, Lee & Associates
Jeff Allen, Lee & Associates
Anne Robin – Behavioral Health Administration, San Luis Obispo County/CalMHSA Board Member
John Chaquica – COO, CalMHSA
Jeremy Barr, Correct Care Services Director
Katherine Osborne, Correct Care Services

MEETING SUMMARY

Site Tour highlights:

- Steve Gregory discussed the history of the site and particulars of Estrella
 - 154 Acres
 - Two wells
 - Water and sewer infrastructure to be re-done and in the City’s plans with or without Estrella site. Access to be available off Airport Road
 - Gas/Electric to site by PG&E and So Cal Edison—electric could be an issue
 - Steam generator used for the facilities on ground not functioning
 - No asbestos or lead, except in tile floor in older buildings
 - Medical facility and one dorm newer
 - Older dorms—eight hold 62 beds each
 - Classroom facilities

- Community facility

City Comments:

- City reconfirmed its receptiveness and welcoming of CalMHSA's intent for a facility for LPS beds
- City expressed their interest in CalMHSA's project providing services to its community and Central Coast and Southern Counties, specifically stating San Luis Obispo, Monterey and Santa Barbara
- Currently conversations with SLO and mixed use—Animal Shelter, Enhanced Board and Care and Equine (currently SLO has 90 Board and Care patients and as many residing out of county due to space issues)
- Given the size of the property, there is interest in considering broadening the use to other patient types—in addition to lock-down/LPS.
- The City has already performed a local survey in order to vet the project locally and would absolutely step up efforts for local support in CalMHSA's project.
- City has shortage of mental health facilities and welcome this opportunity of mixed use
- Mental Health issues is one of three primary issues they are constantly dealing with in the city, therefore this project is of great interest to them.
- The City indicated having received the initial price from the state, however they did not find it acceptable and now going through the process of renegotiating.
- The State is in phase three of their survey results/assessment of the facility/property—hope to receive by June 2018.
- City desires to take ownership as soon as possible and fully prepared to acquire the site from their reserves.
- The City is interested in obtaining some level of commitment from CalMHSA by June 2018, to include expected timelines and benchmarks (Letter of Intent).
- The City confirmed having some idea of how to lease out the various sections of the property, but open CalMHSA selecting the parcel that makes more sense for them.
- City interested in full public use—football/soccer/lacrosse etc., solar farm
- City also indicated having to confirm with the State who they intend to lease to.
- City happy to provide the necessary information for CalMHSA's Board.
- City Manager has offered to attend any CalMHSA Board Meeting or participate in any way

CalMHSA Comments:

- CalMHSA will assess if there are two-three viable options for consideration to form a proposed LOI to the City. This will be based on work with CCS's architectural/design and financial partners and counties to look at costs and commitments needed.
- CalMHSA clarified they could contract with counties.
- CCS indicated they work with community organizations to get patients the level of care needed and to lower levels of care as quickly as possible, while assessing how to eliminate barriers.
- CalMHSA invited Cannon engineers to assess the site for viability and will provide a final report on actual use; in addition CalMHSA is currently interested in the land at this preliminary stage.

- CalMHSA shared their interest in the West parcel of the site.
- CalMHSA shared this project was new to them with a lot of unknowns, however they will need to take several steps prior to presenting to their Board.
- CCS indicated this project was like a hub with scenarios of inflows and outflows, to include debt services coming in, operating dollars, etc.
- CalMHSA indicated they would make every effort to provide the City with a package with real numbers within six months.
- Possible Ground Lease for now

CALMHSA – CCS NEXT STEPS

- Schedule State Hospitals Committee Call – ***March 5, 2018 11:30am-12:30pm***
- CalMHSA Next Steps
 - Prepare and distribute survey to assess bed use and bed types
 - Laura Li to connect with someone from LA as resource
 - Laura Li has initiated conversations with a DGS asset management rep referred by Greg Stinson CDCR
 - CCS (Jeremy) to prepare steps of execution
 - Conduct market assessment?
 - Timeline of key measurements and activities
 - Template of Project scope and commitment needed by CalMHSA/participating members
 - Terms of transaction
 - Prepare prototype for both Paso and Stockton
 - Present at April BOD meeting
 - Doug Alliston to prepare sample Master Agreement
 - LOI
 - Development Phase
 - Construction Phase
 - Operational Phase
 - Bed Commitment
 - Obtain seismic plans from City
 - Anticipate a new build
 - Present a comprehensive packet to CalMHSA Board on April 11, 2018
 - Present a second comprehensive packet and seek commitment at CalMHSA Board Meeting on June 13, 2018
 - Kern County – CCS is currently working on a jail project in Kern County. Requested information from Bill Walker at ARC meeting on 3-2-2018.

COUNTY STATE HOSPITAL SURVEY

Summary of Results

COUNTY	PASO FACILITY					STOCKTON FACILITY				
	Interest in LPS Beds?	QTY.	Add'l Services?	Bed Types	QTY.	Interest in LPS Beds?	QTY.	Add'l Services?	Bed Types	QTY.
Alameda	Yes	10	Yes	ERP, STP/SNF	5 (ERP) 5 (SNF)	Yes	10	Yes	ERP, STP/SNF	5 (ERP) 5 (SNF)
Alpine	No	-	No	-	-	Yes	Unknown	Yes	ERP, STP/SNF, IMD	Unknown
Contra Costa	Yes	20	Yes	Psych. Res., MHRC, STP/SNF, IST, NGRI	10	No	-	No	-	-
Kern	Yes	2	No	-	-	Yes	2	No	-	-
Kings	Yes	5	Yes	STP/SNF, IMD	Unknown	Yes	2-3	Yes	STP/SNF, IMD	2-3
Los Angeles	Yes	200	Yes	MHRC	140	No	-	No	-	-
Madera	Yes	2-3	No	-	-	Yes	2-3	No	-	-
Mariposa	Yes	2-3	Yes	MHRC, STP/SNF, IMD	2-3	Yes	2-3	Yes	MHRC, STP/SNF, IMD	2-3
Merced	Yes	2-3	No	-	-	Yes	3-4	No	-	-
Monterey	Yes	4-8	Yes	ERP, MHRC, STP/SNF, IMD	2-4	Yes	Unknown	Yes	ERP, MHRC, STP/SNF, IMD	Unknown
Napa	No	-	No	-	-	Yes	3-4	No	-	-
Placer	No	-	No	-	-	Yes	1-2	Yes	MHRC, STP/SNF, IMD	Unknown
Riverside	Yes	45	Yes	STP/SNF, IMD, IST, NGI, MDO	10	Yes	10	Yes	STP/SNF, IMD, IST, NGI, MDO	5
San Diego	Yes	10	Yes	STP/SNF, IMD, IST, NGI, MDO, Other	10	No	-	No	-	-
San Mateo	No	-	No	-	-	Yes	8	Yes	MHRC, STP/SNF	5
Santa Barbara	Yes	3	Yes	MHRC, STP/SNF, IMD	10-20	No	-	Yes	MHRC, STP/SNF, IMD	2
Shasta	Yes	Unknown	No	-	-	Yes	Unknown	Yes	MHRC, STP/SNF, IMD	Unknown
Stanislaus	Yes	10	Yes	ERP, IOP, MHRC, STP/SNF, IMD, Other	10-20	Yes	20	Yes	ERP, IOP, MHRC, STP/SNF, IMD, Other	10-20
Tuolumne	No	-	No	-	-	Yes	1-5	Yes	ERP, IOP, MHRC, STP/SNF, IMD, Other	Unknown
Ventura	Yes	1-2	Yes	STP/SNF, Other	Unknown	No	-	No	-	-
Yolo	No	-	-	-	-	Yes	3	Yes	MHRC, STP/SNF, IMD	3

ADDITIONAL COMMENTS:

Kern:

We would be interested in Stockton site only if Paso Robles site is not developed.

Kings:

We are a small county with small numbers, but we do have a need. Having space for LPS closer to our county would allow for better care coordination. While we are looking for LPS beds, we'd be interested in some additional local options. In addition to LPS beds, having approx. five beds locally for use of SNF or IMD would enhance care.

Our numbers are lower than other counties, and we also seek to try and keep participants closer to home to allow for more effective care coordination and possible transition and step-down.

Madera:

Usage would depend greatly on costs of services, but we have a significant need.

Monterey:

We would be interested in 2-4 MHRC, SNF, or IMD beds depending on the licensing, costs, and services provided. We would be especially interested in approx. 4-6 Enhanced Residential beds, also depending on services provided and costs.

We are very interested in working assertively with clients in a strength-based manner to stabilize and reintegrate into the community as soon as possible. So we would want to see programs that are oriented towards teaching skills and providing step-down activities reconnecting to the community resources whenever possible. This is especially the case for the Enhanced Residential Care Facilities. Would there be a community resource that clients could access in preparation for returning to the community? Also, would your facility have access to local medical and psychiatric facilities in the eventuality that there is any imminent medical or psychiatric emergencies?

Napa:

Paso Robles site is challenging due to the distance from Napa County.

For Stockton, 3-4 beds would be beneficial for 2018-19. In the future, we may need to look at other opportunities for non-LPS individuals to receive additional services such as enhanced board and care services.

Placer:

This Paso Robles location is a 5-hour drive from our county; it would not be the preferred location. Currently the waitlists for a bed in a MHRC, IMD, or STP/SNF are extremely long. Clients end up waiting months in an acute care facility while waiting for bed. These long waits delay their access to the psychological rehabilitation that will help them regain access to living in the community.

Our last conservatee (Murphy's) that we placed in DSH waiting nine months for a bed at Napa. His behavior was aggressive that he had to be moved to the jail for a majority of his wait.

San Mateo:

We would need to understand how series are coordinated with our county programs for discharge planning and returning to their local county with appropriate supports. Also, need to hear how these facilities will work with conservators and family members who may live far away, e.g. will there be telehealth capability?

Santa Barbara:

For Paso Robles, a total of 10-12 patients: 4 in skilled nursing, and the other 608 in MHRC or IMD placement. For Stockton, most likely need 2 beds in the STP/SNF setting and 3 in MHRC/IMD setting. Paso Robles location is preferable since it's closer, but we would also consider Stockton facility.

Shasta:

Always interested in having a facility that could accept clients that no one else will take. It is unclear what the county's needs would be at any given time, as the IMD placements fluctuate; additionally, there is a plan to create a 16-bed facility here in the county.

Stanislaus:

Need beds for sub-acute (between acute and IMD) not meeting medical necessity and waiting for IMD placement.

Tuolumne:

Although we are a small county, placements of clients on LPS conservatorship is a major issue due to lack of bed availability, special populations on LPS, and increased costs of placements. We need all the alternatives mentioned to reduce the frequency of clients placed at the highest levels of care:

1. Please provide more details on your target population, potential rates, and exclusion from admission. Are you seeking to focus on alternatives to State Hospital civil commitments? Are you seeking to divert people prior to admission to State Hospital who are an IST with felony charges or civil?
2. Recently on a state call, several county directors/ reps indicated that misdemeanor IST is an increasing problem. Would you consider misdemeanor IST?
3. Would all units within the facility be locked or an IOP would have people return home each night?
4. Fiscal rates are a concern for civil commitments. If the daily bed costs is less than State Hospital beds, then this would be a welcome alternative facility.
5. Location: the Stockton location is also ideal moving people closer to their region the same way that the IMDs were designed to do.
6. The survey mentions MHRC/IMD services, and there is a great need for more beds. Currently, problem clients are turned away because MHRC/IMDs are full and can be elective in admission.
7. SNF services for LPS clients is greatly needed, because SNFS don't take people on LPS with mental health symptoms, complex presentation, or any violent history.

Ventura:

Distance to Paso Robles (approx. 2.5 hour drive time) would be something of an issue for the county. Closer proximity would increase the utility of this facility.



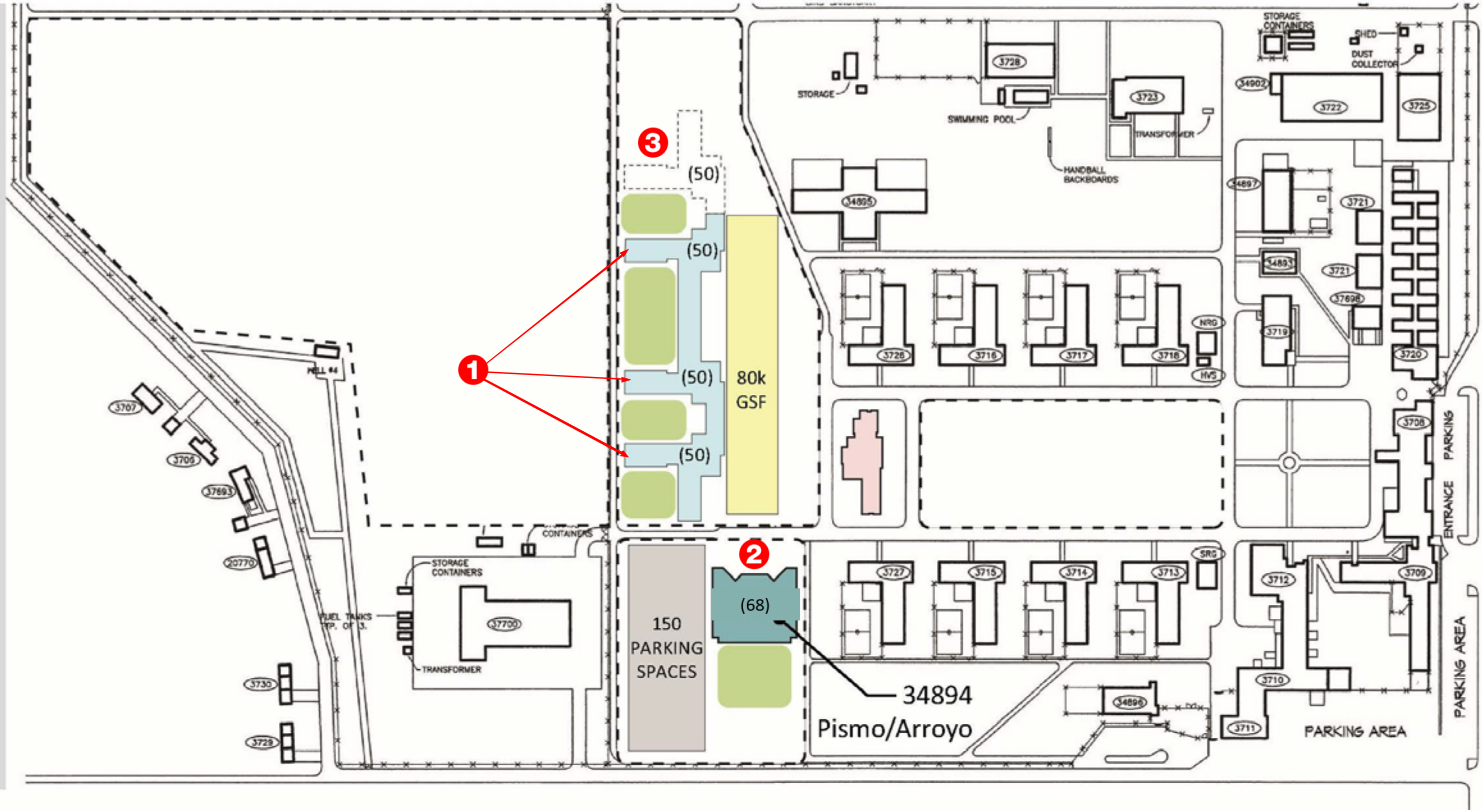
SITE OVERVIEW Paso Robles

Project Background

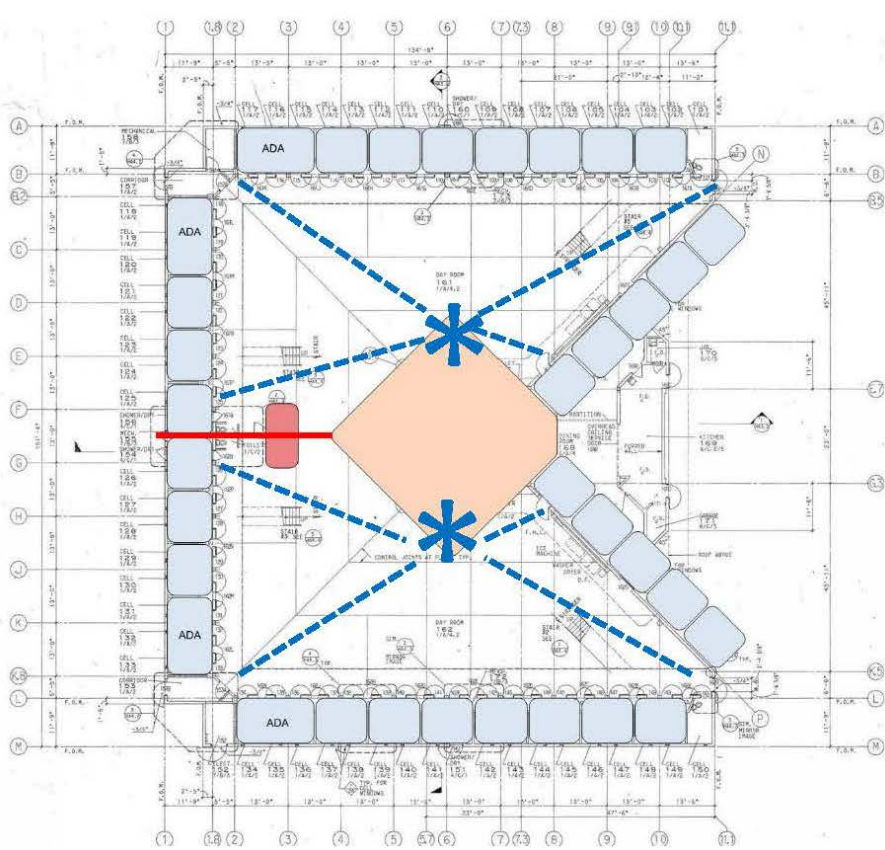
- ▲ Forensic patients at state hospitals account for ~95% of all patients
- ▲ Civil patients served at Metropolitan and Napa State Hospital exhibit high levels of aggression and violence, which has prevented placement with current network of LPS providers
- ▲ Cost at state-operated hospitals exceeds \$225k per bed per year
- ▲ Many patients have criminal courts involvement, with a significant portion initially committed as incompetent to stand trial or other penal code commitment orders
- ▲ These factors have resulted in a lack of placement options, and growing expenditures for placements at Metropolitan and Napa State Hospital, which now exceeds \$55,000,000 annually

Campus Layout - Sample Design

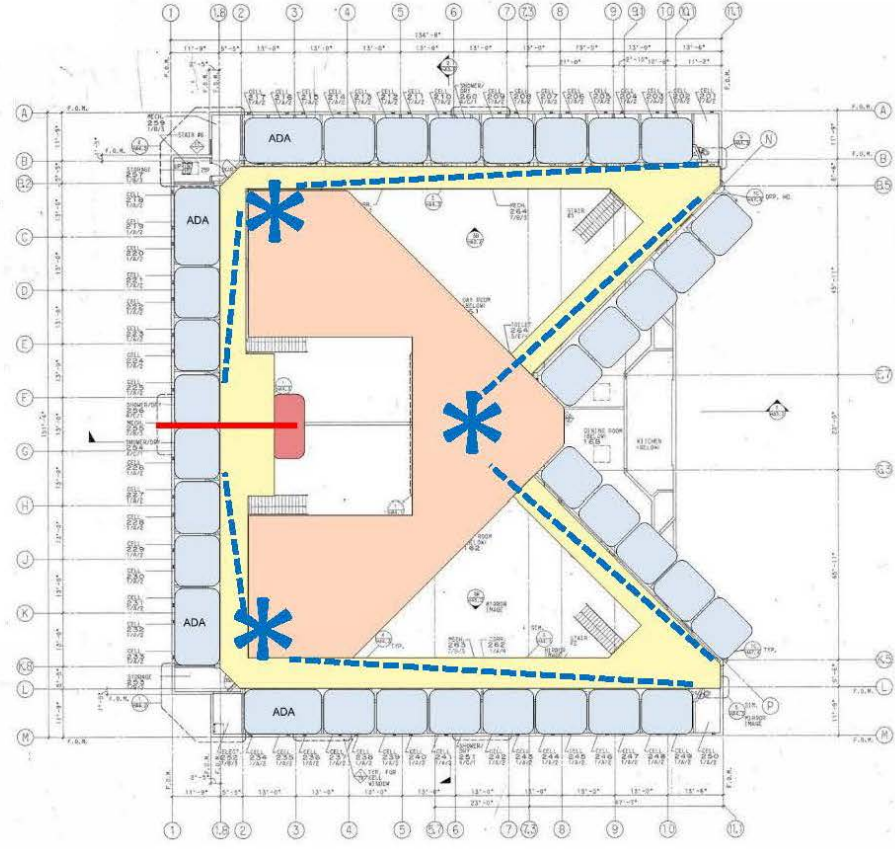
- **Two Story Option**
- **218 Beds**
 - ① 6 New 25 Bed Units
 - 15,000 GSF / Unit
 - ② 68 Renovated Beds in 34894 Pismo/Arroyo
- Two Story (80k GSF) Admin/Supp.
- ③ 50 Beds - Future expansion
- 150 Parking Spaces
- **Demolition**
 - 3724



Pismo/Arroyo - Sample Design



Level One – 34 Rooms

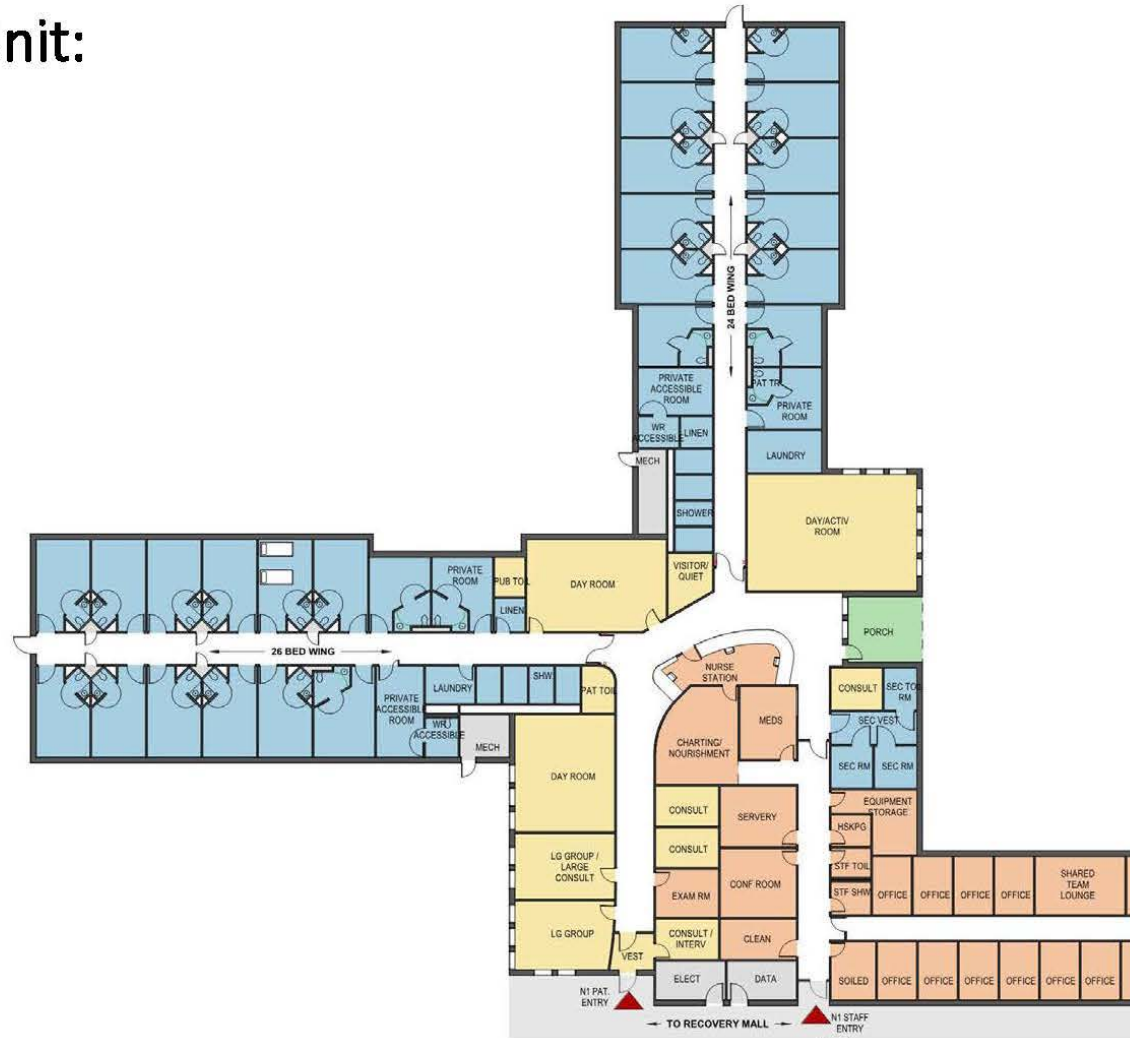


Level Two – 34 Rooms

New Units - Sample Design

Sample 50 Bed Unit:

- 85% SEMI-PRIVATE
- 15% PRIVATE



New Hospital - Alternative Design

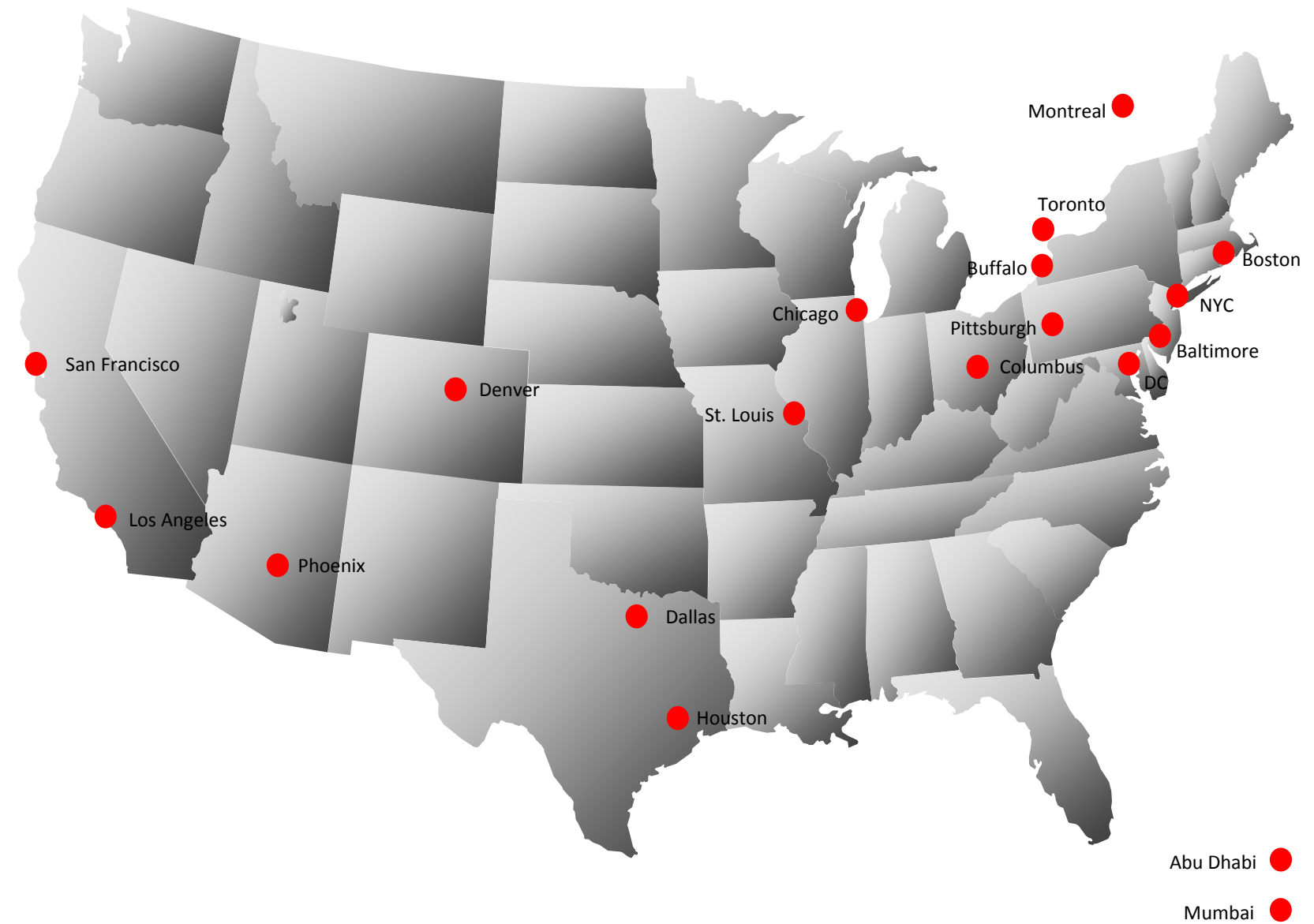


- ▲ Radial design with central support area
- ▲ Designed to provide efficient delivery of service
- ▲ Features consistent with best practices in inpatient service delivery
- ▲ Secure perimeter, cameras, and other safety features

CANNONDESIGN

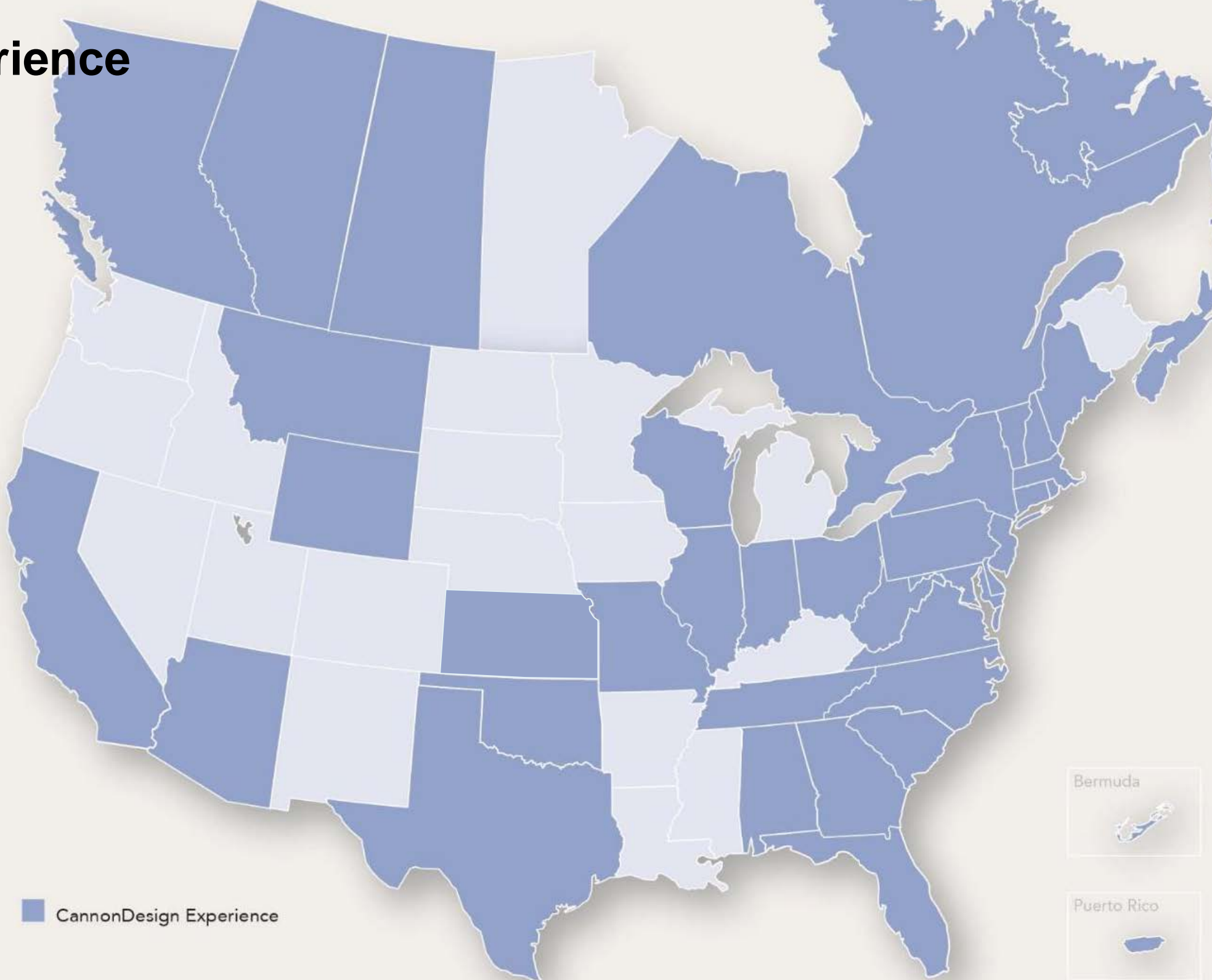
overview

- Founded over 100 yrs ago
- 3rd Largest Practice in Volume in the World
- Over 900 professionals in 19 Offices and growing



Behavioral Healthcare Experience

- Over 30 States & 6 Canadian Provinces
- Dedicated Mental Health Planning & Design Team – from programming to detail design
- Mental Health Facility based Research
- Planning & Design Excellence
- Experience with Behavioral Healthcare Projects



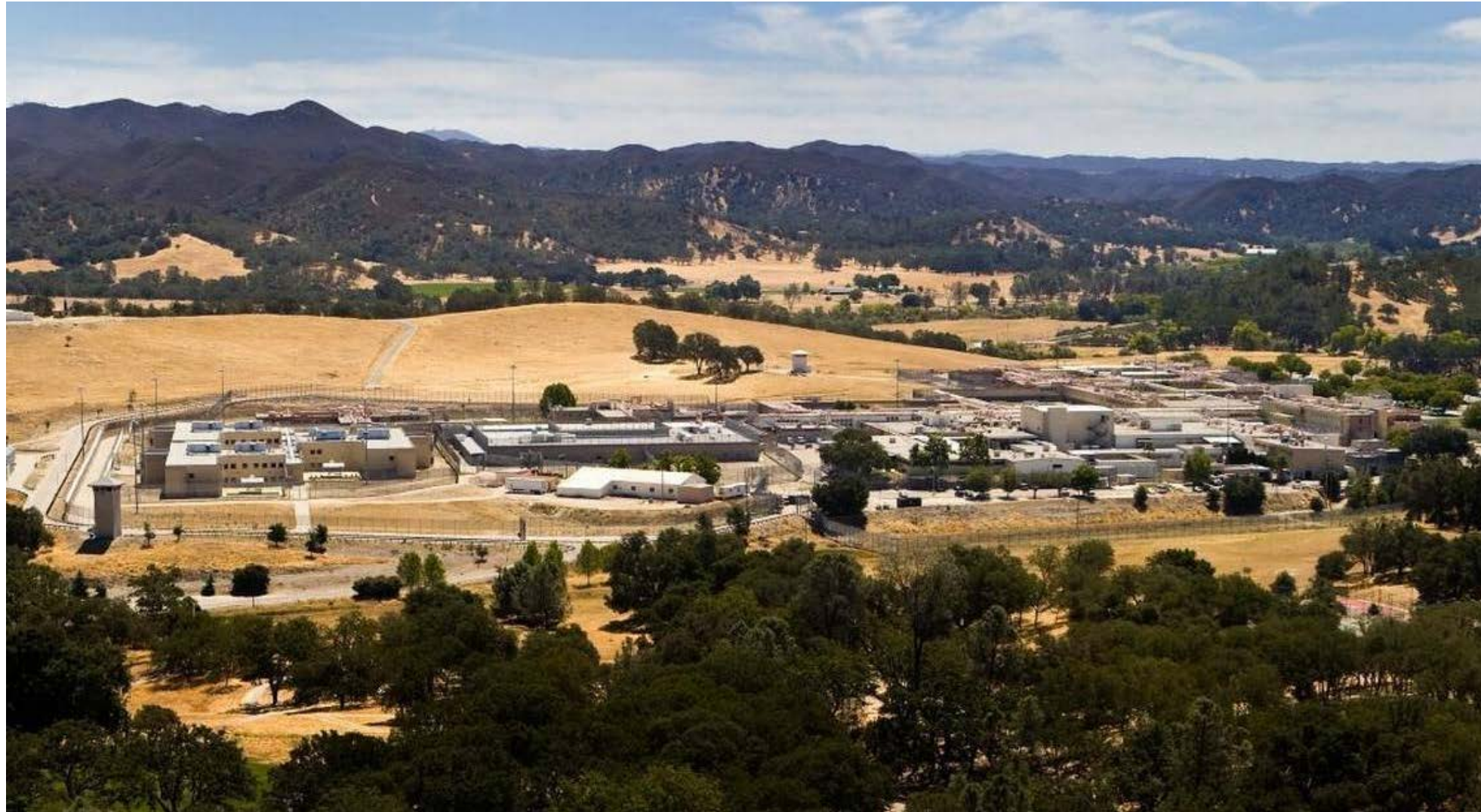


Cordilleras Mental Health Center Replacement Project

San Mateo County – CA

- 137 Beds
- 105,000 SF

Transforming Cordilleras into a new center for consumer wellness, rehabilitation and recovery; as well as mitigating environmental concerns and achieving net zero



Atascadero State Hospital

Atascadero, CA

Cannon Design was commissioned to design a single-story, 45,000 gsf building within a secured environment.

The project includes:

- a new multipurpose building
- academic education space
- vocational education space
- patient and employee libraries
- office areas
- storage areas
- forensics

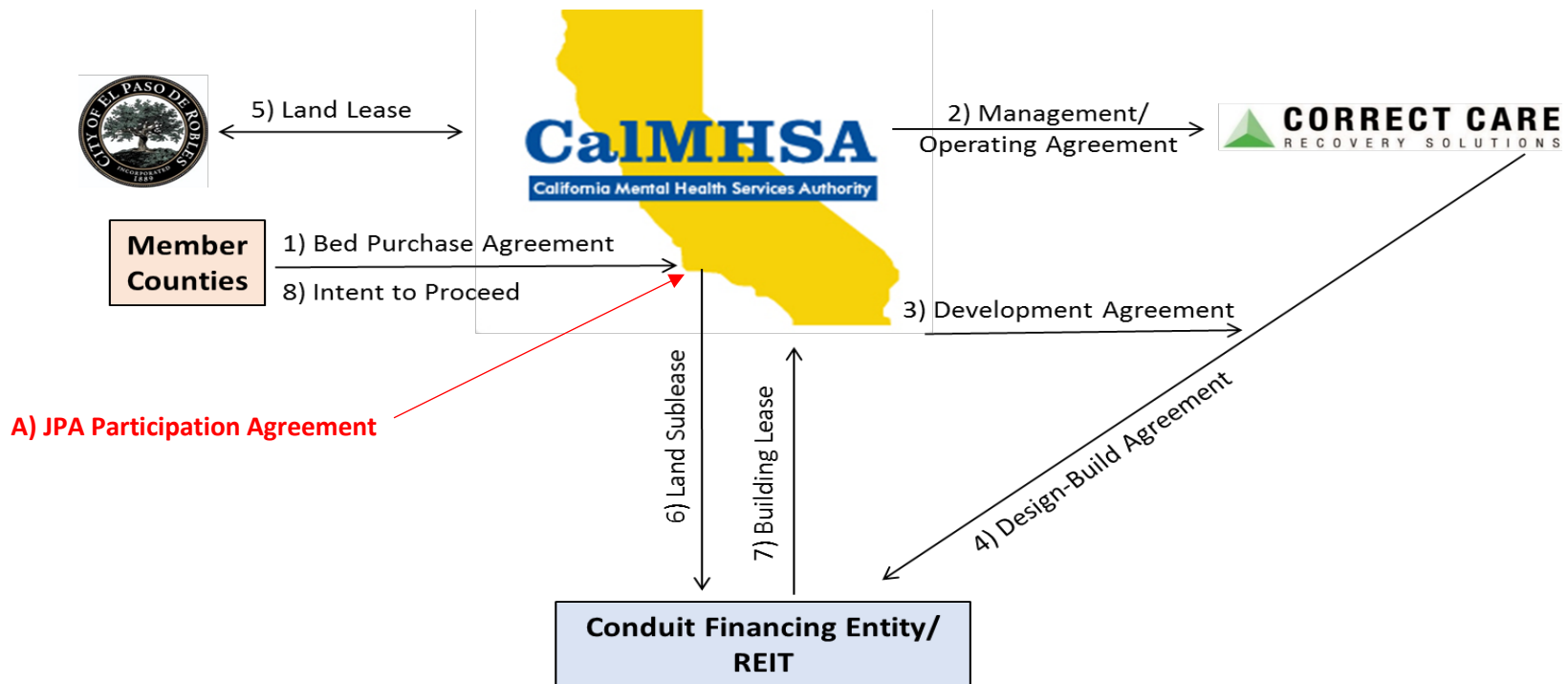
The project includes design of all exterior and interior portions of the building, space planning and interior design, and telecommunications and data, as well as security design. Page 67 of 84

Sample Timeline

<i>Due Date</i>	<i>Activity</i>	<i>Responsible Party</i>
April 11	CalMHSA Board Meeting 1. Draft Timeline 2. Draft Contractual Doc(s) 3. Draft Letter of Interest (LOI)	CalMHSA
May 1 – June 1	Counties review and gain approvals for LOI	Counties
June 13	CalMHSA Board Meeting	CalMHSA
July 1	LOI submission (negotiation)	CalMHSA
Jul 1 – Oct 1	Site environmental completed	City of Paso Robles
Jul 1 – Oct 1	Draft Development and Management Agreement	Correct Care
Oct 1	Draft LOI submission to City of Paso Robles	CalMHSA – City of Paso Robles
Oct 1	Draft Operating Agreement	Correct Care
Oct (TBD)	CalMHSA Board Meeting	CalMHSA
Oct (TBD)	Submit Final LOI	CalMHSA – City of Paso Robles

Overview of Contractual Relationships

	Contract/MOU	Parties	Description	Duration
A	County Participation Agreement with CalMHSA	Counties-CalMHSA	Counties agree to join the JPA	Perpetual
1	Bed Purchase Agreement	Counties-CalMHSA	Counties purchase beds at capitated per diem rate per available (/occupied) bed.	Annually
2	Management/Operating Agreement	CalMHSA-Correct Care	CalMHSA contracts with Correct Care to manage and operate hospital at a capitated per diem rate per available bed.	5-year base with 3x5-year renewals
3	Development Agreement	CalMHSA-Correct Care	CalMHSA contracts with Correct Care to develop facility.	~3 years
4	Design-Build Agreement	Correct Care-Owner	Correct Care contracts with Owner (TBD) to finance and construct new facility.	~3 years
5	Land Lease (Letter of Intent)	City of Paso Robles-CalMHSA	City of Paso Robles leases land to CalMHSA at a nominal annual rate.	20-40 years
6	Land Sublease	CalMHSA-Owner	CalMHSA subleases land to owner.	20-40 years
7	Building Lease	Owner-CalMHSA	CalMHSA makes annual lease payments to owner.	20-40 years
8	Intent to Proceed	Counties-CalMHSA	Counties commit to funding necessary to proceed with development of new facility.	TBD



CALIFORNIA MENTAL HEALTH SERVICES AUTHORITY

Agreement No. _____

**STANDARD SERVICES AGREEMENT
FOR PROCUREMENT OF BEDS
COVER SHEET**

This Agreement is a contract by and between the California Mental Health Services Authority (“CalMHSA”) and _____ (“County”) to provide services to persons with mental disorders, in accordance with Welfare and Institutions Code Section 4100 et seq.

- Exhibit A Recitals
- Exhibit B Scope of Services
 - County Referred Patient(s)
 - Description of Provided Hospital Services (Levels of Care)
 - Admission and Discharge Procedures
 - Bed Types, Usage and Availability
- Exhibit C Reporting
- Exhibit D Bed Commitment and Payment Provisions
- Exhibit E Records and HIPAA
- Exhibit F General Terms and Conditions
- Exhibit G Special Terms and Conditions (optional)

1. The term of the Program is through . _____

2. Authorized Signatures:

CalMHSA

Signed: Name (Printed): _____

Title: Date: _____

Participant

Signed: Name (Printed): _____

Title: Date: _____

CALIFORNIA MENTAL HEALTH SERVICES AUTHORITY

EXHIBIT A – RECITALS

I. Recitals

Government Code section 6500 et seq. allows California public entities to form separate entities to exercise powers held by its members. California Counties have under the authority of the Government Code formed the California Mental Health Services Authority (CalMHSA). CalMHSA is authorized by its Joint Exercise of Powers Act to jointly develop, and fund mental health services under, among other things, Division 5 of the California Welfare and Institutions Code, including the provision of necessary administrative services.

Sections 4330 through 4335 of the Welfare and Institutions Code provide for Counties, including Counties acting jointly, to contract with the State Department of State Hospitals for use of State Hospital facilities for their civil commitments under Division 5 of the California Welfare and Institutions Code. CalMHSA has negotiated with the State Department of State Hospitals for such services.

Members of CalMHSA asked CalMHSA to jointly negotiate and contract for related, alternative, or replacement services. CalMHSA researched possible providers and conducted a Request for Interest process, selecting Correct Care Solutions (CCS) as the provider. Since 2014, CalMHSA, in collaboration with its member counties and CCS, has sought to acquire or build a Mental Health Rehabilitation Center (MHRC) facility, for the placement of patients on LPS conservatorship that will serve as an alternative to the services currently provided by California State Hospitals.

CalMHSA's goal is to increase bed capacity statewide and obtain greater control of care and costs through the acquisition or construction/renovation of a facility that will, at a minimum, provide inpatient services at the same levels of care that currently exist in California State Hospitals or other Institutions for Mental Diseases (IMDs) to persons with mental disorders, in accordance with Welfare and Institutions Code (WIC) Section 4100 et seq.

The project will be developed using either design-build-finance or the renovation of publicly-owned property with a goal to secure placement for patients on LPS conservatorships within 24 months of site identification. Contracted provider CCS will serve as developer for the project and arrange for all necessary financing, permitting, architectural design, construction, and licensing requirements.

In order to obtain the necessary project financing, counties will be required to enter into contracts with CalMHSA to purchase beds from the newly developed facility, referred to hereafter as "Hospital." CalMHSA will contract with CCS for management and operation of Hospital to provide the services described in this Agreement.

CALIFORNIA MENTAL HEALTH SERVICES AUTHORITY

EXHIBIT B – SCOPE OF SERVICES

I. COUNTY REFERRED PATIENT(S)

A. County shall screen, determine the appropriateness of, and authorize all referrals for admission of Patients to the Hospital. The County shall, at the time of admission, provide admission authorization and identify the bed type to which a Patient is being referred, and identify the estimated length of stay for each Patient. However, the Hospital's Medical Director or designee shall make the determination of the appropriateness of a Patient for admission to the Hospital and assign the Patient to the appropriate level of care and treatment unit.

B. If Hospital Medical Director or designee's assessment determines the Patient shall not be admitted to the Hospital, Hospital will notify the County for review and consideration of placement within an alternative appropriate facility.

C. The County shall name a point-of-contact and provide assistance to the Hospital treatment staff in the screening of Patients to initiate, develop and finalize discharge planning and necessary follow-up services for the Patients. Either party may initiate this process by contacting the other party.

II. DESCRIPTION OF PROVIDED HOSPITAL SERVICES (LEVELS OF CARE)

Acute Psychiatric Hospital (APH): Acute psychiatric hospital means a hospital having a duly constituted governing body with overall administrative and professional responsibility and an organized medical staff which provides 24-hour inpatient care for mentally disordered, incompetent or other Patients referred to in Division 5 (commencing with section 5000) or Division 6 (commencing with section 6000) of the Welfare and Institutions Code, including the following basic services: medical, nursing, rehabilitative, pharmacy and dietary services. An acute psychiatric hospital shall not include separate buildings which are used exclusively to house personnel or provide activities not related to hospital patients.

Intermediate Care Facility (ICF): Intermediate care facility is a health facility, or a distinct part of a hospital or skilled nursing facility which provides inpatient care to patients who have need for skilled nursing supervision and need supportive care, but do not require continuous nursing care.

Skilled Nursing Facility (SNF): Skilled nursing facility is a health facility or a distinct part of a hospital which provides continuous skilled nursing care and supportive care to patients whose primary need is for availability of skilled nursing care on an extended basis. A skilled nursing facility provides 24-hours inpatient care and, as a minimum, includes physician, skilled nursing, dietary, pharmaceutical services and an activity program.

As the Hospital's bed capacity permits, Hospital shall provide inpatient psychiatric health care and treatment, including outside medical health care and treatment, ancillary care and treatment, and/or support services, to those Patients referred by the County for LPS services, including those admitted pursuant to Penal Code Section 1370.01 and Welfare and Institutions Code Section 5008, subdivision

CALIFORNIA MENTAL HEALTH SERVICES AUTHORITY

(h)(1)(B) (Murphy Conservatorships). A summary of services provided to LPS Patients and the definition of care is detailed in Exhibit ___.

Hospital staff shall be culturally-competent (including sign-language) to meet the needs of Patients treated pursuant to this Agreement

III. ADMISSIONS AND DISCHARGE PROCEDURES

A. Hospital admissions, intra-hospital transfers, referrals to outside medical care, and discharges shall be in accordance with the admission and discharge criteria established by Hospital, statute, and/or court order. A complete admission package must be submitted with each referral, including all assessments available.

B. All denials of admission shall be in writing with an explanation for the denial. Any denial of admission shall be based on the lack of the Patient's admission criteria, the Hospital's lack of bed capacity, or an inability to provide appropriate treatment based on patient-specific treatment needs. A denial of admission may be appealed as provided in the next paragraph.

C. Appeal Process for Admissions. When agreement cannot be reached between the County staff and the Hospital admitting staff regarding whether a Patient meets or does not meet the admission criteria for the bed(s) available, the following appeal process shall be followed; the case may be referred to the Hospital Medical Director and the County Medical Director, or designee, within two (2) working days. Such appeals may be made by telephone, and shall be followed up in writing; email being an acceptable option. If the Hospital Medical Director and the County Medical Director, or designee, are unable to achieve agreement, the case may be referred to the Hospital Executive Director and the County Mental Health Director, or designee, within two (2) working days. If the Hospital Executive Director and the County Mental Health Director, or designee, are unable to achieve agreement, the case may be referred to the _____ within two (2) working days. The _____ shall discuss the case with the Hospital Medical Director, or designee, and Executive Director and shall obtain additional consultation from the County Mental Health Director, or designee. The _____ shall render a final decision within two (2) working days after receiving the documented basis on which the appeal is based. Appeal resolution for cases involving complex factors may exceed the timelines referenced above.

D. Discharge planning shall begin at admission. The Hospital shall discharge a Patient at the County's request, or in accordance with the approved discharge plan except: (1) if at the time the discharge is to occur, the Hospital's Medical Director, or designee, determines that the Patient's condition and the circumstances of the discharge would pose an imminent danger to the safety of the Patient or others; or, (2) when a duly appointed conservator refuses to approve the Patient's discharge or placement. A denial of discharge may be appealed as provided the next paragraph.

E. Appeals of Discharges. When the Hospital Medical Director determines that a discharge cannot occur in accordance with the approved plan or upon the request of the County, the Hospital Medical Director will contact the County Medical Director, or designee, immediately to review the case and shall

CALIFORNIA MENTAL HEALTH SERVICES AUTHORITY

make every effort to resolve the issues preventing the discharge. If this process does not result in agreement, the case may be referred to the Hospital Executive Director and the County Mental Health Director, or designee, by either the Hospital Medical Director, or designee, or the County Medical Director, or designee, within two (2) working days of the Hospital's denial. Such appeals may be made by telephone and shall be followed up in writing; email being an acceptable option. If the Hospital Executive Director and the County Mental Health Director, or designee, are unable to achieve agreement, the case may be referred to _____ within two (2) working days. The _____ shall discuss the case with the Hospital Medical Director and Executive Director and shall obtain additional consultation from the County Mental Health Director, or designee. The _____ shall make the final decision within two (2) working days of receiving the documentation of the basis of the disagreement regarding the discharge, and communicate this decision to the County Mental Health Director, or designee, and the Hospital Executive Director. Appeal resolution for cases involving complex factors may exceed the timelines referenced above.

IV. BED USAGE AND AVAILABILITY

- A. Based on the contractual commitments made by County in this Agreement, CalMHSA will contract with CCS to provide specific numbers of beds at the Hospital dedicated to the care of those patients referred by Counties.
- B. So that no Participant shall be obligated beyond its commitment, no one Participant's minimum obligation shall be reduced below the contract amount set forth in this Agreement.
- C. The County is required to execute this Agreement in order to obtain beds. A County that has not previously executed this Agreement shall, upon application for admission of a Patient from the County, commit to executing this Agreement by providing a signed "Purchase Agreement of CalMHSA Hospital Beds" to demonstrate the County's intent to execute this Agreement, within 120 days of submitting the bed Purchase Agreement of State Hospital Beds.
- D. Patients under the care of the Hospital, referred to outside medical facilities, will remain the responsibility of Hospital unless the County initiates discharge, at which time the Patient and all costs become the responsibility of the County. During any offsite placement by Hospital, Counties will continue to be charged at the daily bed rate. For all offsite leave of greater than 30 days, Hospital and the County may, at the request of either party, discuss appropriate care options for Patients.

CALIFORNIA MENTAL HEALTH SERVICES AUTHORITY

EXHIBIT C – REPORTING

I. REPORTING

CALIFORNIA MENTAL HEALTH SERVICES AUTHORITY

EXHIBIT D – BED COMMITMENT AND PAYMENT PROVISIONS

I. CONTRACT AMOUNT AND PAYMENT PROVISIONS

A. The amount payable by County to CalMHSA concerning this Agreement shall be \$_____ per bed, per fiscal year, for a total of \$_____, for FY _____.

B. The bed rates in this Agreement represent the total amount due from the County for services provided by Hospital. These rates do not represent the total claimable amount for services provided to the patient. Patient will be responsible for any costs exceeding the bed rates described in this Agreement.

C. The County shall provide to CalMHSA the number of beds they want to obligate to, by December 31st, six months prior to the end of the fiscal year. CalMHSA shall make the necessary computation based on the obligation by bed type and rate, to determine the County's funding obligation. It is necessary to maintain a total of _____ number of bed commitments annually, in order to maintain cost efficiencies.

CALIFORNIA MENTAL HEALTH SERVICES AUTHORITY

EXHIBIT E – RECORDS AND HIPAA

I. RECORDS

A. The parties to this Agreement shall comply with the Health Insurance Portability and Accountability Act (HIPAA) and all applicable state laws, regulations, and policies relating to the Patient's rights and confidentiality.

CALIFORNIA MENTAL HEALTH SERVICES AUTHORITY

EXHIBIT F – GENERAL TERMS AND CONDITIONS

- A. This Agreement is subject to and is superseded by, any restrictions, limitations, or conditions imposed by any statute or regulations which may affect the provisions, terms, or funding of this Agreement. If statutory, regulatory, bed rate, or billing process changes occur during the term of this Agreement, the parties may renegotiate the terms of this Agreement affected by the statutory, regulatory, bed rate or billing process changes.
- B. Should Hospital's ability to meet its obligations be substantially impaired due to loss of a license, damage or malfunction of the Hospital, labor union strikes, or other cause beyond the control of the Hospital or CalMHSA, the parties may negotiate modifications to the terms of this Agreement.
- C. Any County may withdraw from this Agreement effective at the end of a fiscal year, upon six months' prior written notice. Notice shall be deemed served on the date of mailing.
- D. The withdrawal of a County from the Agreement shall not automatically terminate its responsibility for its share of the expenses and liabilities of the Hospital. The contributions of current and past Participants are chargeable for their respective share of unavoidable expenses and liabilities arising during the period of their participation
- E. Upon cancellation, termination or other conclusion of the Program, any funds remaining undisbursed after CalMHSA satisfies all obligations arising from the operation of the Program shall be distributed and apportioned among the Participants in proportion to their contributions.
- F. County agrees that bed costs include CalMHSA's costs of planning, contracting, administration, reporting, and evaluation.
- G. The signatories below represent that they have the authority to sign this Agreement on behalf of their respective principals. Execution by a participating County confirms the participating County agrees to the terms of this Agreement. This Agreement may be executed in counterparts.
- H. This Agreement, which includes any attached exhibits, comprises the entire agreement and understanding of the parties and supersedes any prior agreement or understanding.
- I. This Agreement may be amended or modified only by a written amendment signed by the parties.

SAMPLE LETTER OF INTENT

Proposal to Lease

Date

Mr. Marty Indvik
Lee & Associates | Central Coast
1230 Higuera Street
San Luis Obispo, CA 93401

RE: Proposal to Lease
(Address inserted)

Dear Marty:

On behalf of xxxxx, I am pleased to present the following proposal to lease a portion of the aforementioned property.

1. **Lessee:** Xxxxxxx
Company Information:
Financial Information:

2. **Lessor:** Please provide.

3. **Premises:** Approximately sf/acreage, as shown on Exhibit A

4. **Term:** xx years

5. **Possession Date:** Xx/xx/xxxx

6. **Rent Commencement:** Xx/xx/xxxx

7. **Base Rent:** \$xx,xxx.xx NNN per month.

8. **NNN Expenses:** Lessee shall pay its proportionate share of NNN

9. **Utilities:** Lessee shall pay all separately metered utilities and its proportionate share of all common utilities (not already included in the NNN Expenses).
10. **Option to Extend:** xxxx
11. **Rent Increases:**
12. **Advance Rent:** Lessee shall pay the first months Base Rent and NNN Expenses upon Lease execution.
13. **Security Deposit:** Lessee shall provide Lessor a security deposit equal to one month's Base Rent and NNN Expenses.
14. **Use:** Please insert
15. **Property Condition:** Delivered as-is.
16. **Tenant Improvements:** ?
17. **Assignment / Subleasing:** Lessee shall have the right to assign and sublease, subject to Lessor's reasonable consent.
18. **Expiration of Proposal:** This Proposal shall remain in force until xx/xx/xxxx.

All parties acknowledge that this Proposal is not a Lease, and that it is intended as the basis for the preparation of a Lease by Lessor. In addition to the items set forth above, the Lease shall include customary provisions, shall be subject to Lessor's and Lessee's approval, and only a fully executed Lease shall constitute a Lease for the Premises.

(Signature block inserted by Lessee)

AGREED AND ACCEPTED BY LESSOR OR ITS REPRESENTATIVE:

BY

DATE

GENERAL DISCUSSION
Agenda Item 7.A

SUBJECT: REPORT FROM CALMHSA PRESIDENT – TERENCE M. ROONEY

ACTION FOR CONSIDERATION:

Discussion and/or action as deemed appropriate.

BACKGROUND AND STATUS:

CalMHSA President, Terence Rooney, will provide general information and updates regarding the JPA.

- Annual Elections and Nominations
- General

Annual Elections and Nominations:

At the June 2018 Board Meeting, CalMHSA will have its annual elections to fill termed out positions and vacancies on the Executive Committee and Finance Committee. In preparation for this meeting, we would appreciate member consideration for filling the following positions:

[Officer Position\(s\) Term Out as of June 30, 2018 \(Officers are subject to biennial elections\)](#)

President

Treasurer (*Serves a 2 year term, but re-approved each year*)

[Executive Member Position\(s\) Terming out as of June 30, 2018](#)

Bay Area Region Representative

Central Region Representative

Los Angeles Region Representative

Southern Region Representative

Superior Region Representative

**Designated alternate positions term out on June 30, 2018*

[Finance Committee Position\(s\) Terming out as of June 30, 2018](#)

Chair

Bay Area Region

Southern Region

NOTE: The CalMHSA President will be appointing a nominating committee for the purpose of annual elections, with consent of the board, however we welcome any volunteer and/or nominations for the above positions.

FISCAL IMPACT:

None.

RECOMMENDATION:

Discussion and/or action as deemed appropriate.

TYPE OF VOTE REQUIRED:

Majority vote.

REFERENCE MATERIAL(S) ATTACHED:

- None.

GENERAL DISCUSSION
Agenda Item 7.B

SUBJECT: REPORT FROM CALMHSA EXECUTIVE DIRECTOR - WAYNE CLARK

ACTION FOR CONSIDERATION:

Discussion and/or action on items below, as deemed appropriate.

BACKGROUND AND STATUS:

CalMHSA Executive Director, Wayne Clark, will be presenting a State of the Authority and will be reporting on the following items.

- Annual Program Funding Forms
- 1299 Banking Pool
- Translation Project
- LA Media Campaign
- Recent Receipts of Funds

FISCAL IMPACT:

None.

RECOMMENDATION:

Discussion and/or action on items above, as deemed appropriate.

TYPE OF VOTE REQUIRED:

Majority vote.

REFERENCE MATERIAL(S) ATTACHED:

None.