

MINUTES

CALIFORNIA HEALTH FACILITIES FINANCING AUTHORITY (CHFFA or AUTHORITY)

915 Capitol Mall, Room 110
Sacramento, California 95814

300 S. Spring Street, Suite 8500
Los Angeles, California 90013

May 27, 2021 – 1:30 P.M.

In light of the COVID-19 pandemic and in accordance with the requirements of Executive Order N-25-20 to provide social distancing at state body meetings, CHFFA provided Authority members, participants, and members of the public the opportunity to participate in this meeting via teleconference.

Public Participation

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

OPEN SESSION

Fiona Ma, Chair, called the meeting to order at 1:30 P.M.

Chair Ma reported that Member Dr. Jonathan Bergman resigned from the Authority due to a backlog of surgical procedures resulting from COVID-19 restrictions and thanked him for his service.

The Secretary announced to the public joining in by phone the instructions for being heard. The Chair went on to mention the social distancing measures taken for the meeting.

Item #1

Roll Call

Members Present: Fiona Ma, CPA, State Treasurer
Via Microsoft Teams Meeting:
Jacqueline Wong-Hernandez for Betty T. Yee, State Controller
Gayle Miller for Keely Martin Bosler, Director, Department of Finance
Antonio Benjamin
Francisco Silva
Robert Cherry, M.D.
Katrina Kalvoda
Keri Kropke

Staff Present: Frank Moore, Executive Director
Carolyn Aboubechara, Deputy Executive Director
Brock Lewis, Staff Services Manager I

Chair Ma declared a quorum present.

Item #2**Approval of the Minutes from the April 29, 2021
Authority Meeting (Action Item)**

Chair Ma asked if there were any questions or public comment; there were none.

Authority Action

Motion to approve the minutes from the April 29, 2021 Authority meeting.

MOTION: Member Benjamin

SECOND: Member Cherry

AYES:.....Members: Silva, Cherry, Kropke, Benjamin, Miller, Wong-Hernandez, Ma

NOES:.....NONE

ABSTAIN:.....Member: Kalvoda

RECUSE:.....NONE

MOTION APPROVED.

Item #3**Executive Director's Report (Information Item)****CHFFA Comprehensive Debt List Summaries**

Mr. Moore reported on the Comprehensive and Equipment Debt List Summaries as of April 30, 2021.

Bond Delegation of Powers Monthly Update

Mr. Moore reported a Delegation of Powers report for Rady Children's Hospital – San Diego (Rady), Series 2011 Bonds (the Bonds). Mr. Moore reported that Rady provided notice to CHFFA of its intent to defease the Bonds and requested CHFFA execute a Request and Certificate of the Corporation and the Authority to discharge the Bonds and the 2011 Indenture. The Executive Director executed the Request and Certificate of the Corporation and the Authority on May 4, 2021.

HELP II Loan Program Delegation of Powers Monthly Update

Mr. Moore reported a Delegation of Powers report for Dientes Community Dental Care (Dientes). Mr. Moore reported that Dientes provided notice to CHFFA of its intent to substitute the collateral used as security for its HELP II loan from 1500 Capitola Road, Santa Cruz, CA 95062 to 1830 Commercial Way, Santa Cruz, CA 95065 and requested CHFFA to approve the substitution of real property as collateral. The Executive Director approved the substitution of real property as collateral on April 16, 2021.

HELP II Loan Program Debt Service Payment Deferrals

Mr. Moore reported that there were no actions taken pursuant to the HELP II Loan Program Debt Service Payment Deferrals Delegation of Powers Resolution.

COVID-19 Emergency HELP Loan Program

Mr. Moore reported that there were no actions taken pursuant to the COVID-19 Emergency HELP Loan Program Delegation of Powers Resolution.

Contract Delegation of Powers Monthly Update

Mr. Moore reported that there were no actions taken pursuant to the Contract Delegation of Powers Resolution.

Other Items

Mr. Moore reported that he attended the groundbreaking ceremony for Dientes' new location at 1500 Capitola, Santa Cruz, CA.

Mr. Moore mentioned that Treasurer Ma signed a resolution for Member Dr. Jonathan Bergman that thanked him for his service.

Item #4

San Benito Health Care District HELP II Loan Program Resolution No. HII-331 (Action Item)

Mr. Lewis presented. San Benito Health Care District (San Benito) requested the Authority approve a HELP II loan in an amount not to exceed \$2,000,000. Mr. Lewis reported the loan proceeds would be used to replace a nearly 50,000 square foot roof in order to prevent potential disruptions and shutdowns to a number of services at the hospital. Mr. Lewis reported the loan proceeds might also include remodeling the radiology suite if the roof comes in under budget. Mr. Lewis noted that San Benito requested an exception to the \$1,500,000 maximum loan amount.

Attendees: (via teleconference) Mark Robinson, Chief Financial Officer, San Benito Health Care District, Borrower and Gary Hicks, President, G.L. Hicks Financial, LLC, Financial Advisor.

Mr. Robinson thanked the Authority and staff and gave an overview of San Benito's project.

Member Wong-Hernandez asked about the revenue decrease from FY 2018 to FY 2019.

Mr. Robinson responded that the decreased revenue was a result of decreasing admissions over the past few years, which influenced the decision to become a Critical Access Hospital in 2020.

Chair Ma asked if there were any additional questions or public comment; there were none.

Authority Action

Motion to approve Resolution No. HII-331 for San Benito Health Care District in an amount not to exceed \$2,000,000, subject to the conditions in the resolution.

MOTION: Member Miller

SECOND: Member Silva

AYES:.....Members: Silva, Kalvoda, Cherry, Kropke, Benjamin, Miller,
Wong-Hernandez, Ma

NOES:.....NONE

ABSTAIN:.....NONE

RECUSE:.....NONE

MOTION APPROVED.

Item #5 Bond & Tax-Exempt Equipment Financing Programs Calendar Year 2020 Annual Report (Information Item)

Mr. Lewis presented. Mr. Lewis gave an overview of the Bond & Tax-Exempt Equipment Financing Programs Calendar Year 2020 Annual Report.

Chair Ma asked what type of equipment was financed through the Tax-Exempt Equipment Program (the Equipment Program) and if it could be advertised more.

Mr. Moore responded that larger equipment items would typically be financed through the Equipment Program where there was not also a need for financing other capital projects because borrowers often include equipment financings with other capital projects financed under the bond financing program. Mr. Moore also responded that the Equipment Program is being revamped and could be advertised more.

Chair Ma asked if there were any additional questions or public comment; there were none.

Item #6 HELP II Loan Program Strategic Analysis and Programmatic Changes
Discussion (Information Item)

Mr. Lewis presented. Mr. Lewis gave an overview of certain expiring HELP II Loan Program parameters, and presented which parameters and policies would be reviewed as part of the HELP II Loan Program Strategic Analysis and Programmatic Changes report to be delivered at a future board meeting for approval.

Board members engaged in a discussion regarding the potential programmatic changes and possible other funding options for the HELP II Loan Program. Ms. Aboubechara explained that the Authority's financial analyst was reviewing the market and the competitiveness of the HELP II Loan Program and the results of their research would be presented at a future board meeting date.

Dr. Cherry asked to also consider if it would be allowable to have more favorable loan parameters for health facilities that are safety-net organizations.

Chair Ma asked if there were any additional questions or public comment; there were none.

Item #7 County of Los Angeles, Office of Diversion and Reentry
Community Services Infrastructure Grant Program (CSI) (First Funding Round)
Resolution No. CSI 2019-01B

Mr. Moore presented. Mr. Moore reported that at the March 25, 2021 board meeting, the Authority set a cure period ending on May 28, 2021 for the Los Angeles County Office of Diversion and Reentry (the County) to meet the readiness, feasibility, and sustainability program requirement. Failure to meet the cure period would result in the cancellation of the grant and forfeiture of funds. The County had previously requested a change in project scope, which was determined ineligible. Mr. Moore reported that the Authority received a letter from Los Angeles County Supervisor Hilda Solis asking for a four-month extension to the cure period. Mr. Moore explained that the Executive Director does not have the delegated authority to approve the extension request. He also mentioned that the County had not submitted any documentation regarding a contemplated new project, and Authority staff could not make a recommendation on whether an extension of the cure period is warranted. Mr. Moore reminded the board that statutorily all funds for the CSI program had to be encumbered by June 30, 2020; a forfeiture of grant funds would mean that the funding would revert to the State's General Fund. However, it was possible to request to have the encumbrance deadline extended by the Legislature.

Attendees: (via teleconference) Peter Espinoza, Director; Michelle Newell, Deputy Director; and Rose Sunderland, Program Manager, Los Angeles County, Office of Diversion and Reentry; and Waqas Rehman, Director of Planning and Development, Office of Hilda L. Solis, Los Angeles County Supervisor, First District.

Chair Ma summarized the history of this item.

Mr. Rehman thanked the Authority and explained that the Supervisor's office was working with the County to identify a potential eligible project for this grant. A particular 22-bedroom property in Boyle Heights was being considered and the extension to the cure period would give the County the opportunity to gather all the information and documentation to submit a request for change in project scope.

Member Cherry asked if it would be possible for the County to obtain all of the documentation needed for a change in project scope earlier than the four months' timeframe.

Mr. Rehman answered that four months would allow the County to do its due diligence and obtain all the required documentation.

Member Wong-Hernandez asked what had changed, what actions had the County taken since the last board meeting and what would happen if the board took no action. Member Miller expanded on Member Wong-Hernandez's question explaining that the Authority is charged with ensuring fiscal soundness and that this request is a policy issue. Additionally, Member Miller added that she was confused about this new project and the potential location that was introduced by Mr. Rehman.

Mr. Moore responded that if the board took no action, the forfeited funds would revert to the State's General Fund and that the project would not move forward. Additionally, the County had not presented staff with information regarding a new project and staff would not be able to evaluate the veracity of the new project until all of the documentation was received.

Ms. Newell explained that after the last proposed project was deemed ineligible, the County needed to pivot to identify a new site and has been working around the clock to come up with a new project that would meet all of the grant program eligibility requirements.

Ms. Sunderland thanked the Authority and explained the circumstances that led to this point and that the County had looked at other options since the last meeting. She also explained that no new documentation was available for the newly proposed project. Ms. Sunderland added that documentation had been submitted for the previous project prior to it being deemed ineligible due to the project being ground up construction.

Member Benjamin stated that the previously submitted documentation was no longer valid since the project was deemed ineligible. Additionally, he expressed concern that no documentation has been submitted for a new project. Member Cherry agreed with Member Benjamin and questioned how the Authority could act, let alone grant an extension for a new project without any supporting documentation.

Chair Ma expressed that she did not want to lose the funding and that if no action was taken, the funding would revert to the State's General Fund. Chair Ma asked Member Miller what could be done to extend this funding so that the Authority may be able to award this funding to the County or other applicants.

Member Miller responded that a statutory change would be required, possibly through a trailer bill, in order to extend the funding.

Member Kropke asked for more information about the trailer bill. She conveyed the great need for this program in Los Angeles and asked that the Authority approve the four-month extension request.

Member Benjamin explained that though he understood Member Kropke's concerns, the Authority was responsible for ensuring that taxpayers' dollars were spent in accordance with the program requirements and that it would be difficult for him to support an extension for a new project without supporting documentation.

Member Cherry agreed with Member Benjamin and stated that he had more faith in the legislative process than the County being able to present a new eligible project within four months.

Member Wong-Hernandez agreed with Members Benjamin and Cherry, and as a steward of public resources, she felt more comfortable with pursuing the legislative route and giving any county that has an eligible project the opportunity to apply.

Member Kalvoda asked for clarification from staff if the board could vote on extending the timeline for the County, and Mr. Moore confirmed that the board could extend the cure period.

Member Kropke asked about the timeline for the legislative route.

Treasurer Ma explained, in general, that the time to act would be between now and when the Governor's Budget has been voted on by the end of June.

Member Miller and Member Kalvoda both agreed with the legislative route.

Mr. Espinoza explained that the County had worked with CHFFA as well as the Board of Supervisors continuously in an effort to provide an eligible project and that in no way was the County relaxed in pursuing a viable project.

Mr. Moore pointed out that the County would also have to deal with another statutory deadline. The project would have to be open and operational by June 30, 2022, which would be a short timeframe.

Member Silva asked whether the Authority could pursue a dual strategy by granting the extension request and pursue the trailer bill to extend the funding, to give more flexibility, and determine whether the County could provide a feasible project in four months.

Member Kropke empathized that the board should find a way to help the County.

Mr. Moore clarified that there was another \$1 million in forfeited monies besides the \$6 million in grant funds that the County would forfeit.

Member Kalvoda mentioned that other communities could submit applications for viable projects.

Member Miller agreed with Member Kalvoda and pointed out that while she understood the County's need and appreciated the effort they put into the project, in order to maintain the integrity of CHFFA, the only solution was the legislative route.

The Authority's legal counsel explained that the Authority could make a motion and vote on the cure extension request; however, the Authority could not vote on pursuing the legislative route through a trailer bill because it was not on the meeting agenda.

Member Kropke motioned to extend the cure period by three months. Motion did not receive a second.

Member Silva explained his position that even though he supported a dual strategy, he has confidence in staff and in the legislative process.

Treasurer Ma pledged that her office would pursue the legislative option.

Chair Ma asked if there were any additional questions or public comment; there were none.

Items #8 and #9

Public Comment and Adjournment

Chair Ma asked for public comment. Hearing none, the meeting adjourned at 3:07 P.M.