

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

July 29, 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 1:31 P.M.

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: Via Microsoft Teams Meeting:
Fiona Ma, CPA, State Treasurer
Jacqueline Wong-Hernandez for Betty T. Yee, State Controller
Adam Dorsey for Keely Martin Bosler, Director, Department of Finance
Antonio Benjamin
Francisco Silva
Katrina Kalvoda (arrived at 1:36 P.M.)

Members Absent: Robert Cherry, M.D.
Keri Kropke

Staff Present: Frank Moore, Executive Director – Via Microsoft Teams Meeting
Carolyn Aboubechara, Deputy Executive Director
Brock Lewis, Staff Services Manager I
Anna Ramirez, Associate Governmental Program Analyst
Cory Mouhasseb, Associate Governmental Program Analyst

Chair Ma declared a quorum present.

Item #2**Approval of the Minutes from the June 24, 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 June 24, 2021 Authority meeting.

MOTION: Member Wong-Hernandez SECOND: Member Benjamin

AYES:.....Members: Silva, Benjamin, Dorsey, 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 June 30, 2021.

Bond Delegation of Powers Monthly Update

Mr. Moore reported a Delegation of Powers report for Memorial Health Services, Series 2012A Bonds (the Bonds). Mr. Moore reported that Memorial Health Services provided notice to CHFFA of its intent to redeem the Bonds and requested CHFFA execute a certificate and direction regarding the discharge of the 2012A Bonds and Indenture. The Executive Director executed the Certificate and Direction Regarding Discharge of the 2012A Bonds and the 2012A Indenture on July 1, 2021.

HELP II Loan Program Delegation of Powers Monthly Update

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

Contract Delegation of Powers Monthly Update

Mr. Moore reported that he entered into an annual contract with U.S. Bank National Association to participate in the California Commercial Card (CAL-Card) program. Mr. Moore executed the contract on June 3, 2021.

Investment in Mental Health Wellness Grant Program

Mr. Moore reported a Delegation of Powers Quarterly Milestone Update. Mr. Moore reported that there were no changes since last reported in April 2021.

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

Ms. Ramirez and Mr. Lewis presented. Ms. Ramirez gave an overview of the proposed HELP II Loan Program (Program) programmatic changes, and recommended increasing the maximum cumulative loan amount for new money loans from \$1.5 million to \$2 million; setting the interest rate for all new money loans at 2%; setting the maximum loan term for real property acquisition and construction/renovation loans at 20 years; increasing the maximum annual gross revenue eligibility requirement to qualify as a small health facility from \$30 million to \$40 million; removing the \$6 million fund balance floor; and eliminating the requirement for new borrowers to be enrolled in the Electronic Payment System.

Attendee: (via teleconference) Greg Matayoshi, Principal Consultant, TAP International, Inc., (TAP) Financial Analyst.

Mr. Matayoshi gave an overview of the HELP II Loan Parameter Review analysis.

Member Silva asked if there was any analysis done to see if the eligibility requirement of a facility's maximum annual gross revenue precluded certain potential applicants that would otherwise qualify from applying to the Program.

Ms. Aboubechara explained that TAP's review did not include how many more applicants could be served if the maximum annual gross revenue requirement was increased but that it looked at what the CHFFA's competitive lenders are offering and recommended positioning CHFFA in line with its competitors.

Member Silva expressed an interest in researching the maximum annual gross revenue for small facilities, particularly as that requirement only applies to urban centers. He further noted that there may be other standards that could be a better metric for addressing equity to include other borrowers with high need.

Mr. Moore explained that the original intent of the Program was to recognize the difficulty that small and rural facilities have in obtaining adequate financing for their projects, and also noted that the Program's definition of a small facility has grown over the years by increasing the maximum annual gross revenue requirement and that research would be required to look into alternative metrics.

Member Silva suggested making a working subcommittee to explore possible new eligibility metrics.

Member Kalvoda mentioned her interest in participating in the working subcommittee, that she sits on the board of a Community Development Financial Institution (CDFI) that adjusted its parameters to meet equity and economic justice needs, and that her CDFI work could be used on the guidelines as well.

Member Dorsey asked staff to research if changing this parameter falls under a board action or a statutory change.

Member Kalvoda asked if existing loans, particularly repayments, were factored into the TAP analysis.

Mr. Matayoshi explained that a conservative amount of \$3 million was used to represent the amount of income coming from repayments and that this amount was factored into all of TAP's analysis and projections.

Chair Ma appointed Member Silva, Member Kalvoda, and Member Wong-Hernandez to the working subcommittee to research a potential alternative metric to the annual gross revenue metric.

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

Authority Action

Motion to approve Resolution No. 2021-03 for the HELP II Loan Program programmatic changes.

MOTION: Member Silva

SECOND: Member Benjamin

AYES:.....Members: Silva, Kalvoda, Benjamin, Dorsey, Wong-Hernandez, Ma

NOES:.....NONE

ABSTAIN:.....NONE

RECUSE:.....NONE

MOTION APPROVED.

Item #5 **County of Los Angeles, Office of Diversion and Reentry**
Community Services Infrastructure Grant Program (Second Funding Round)
Amendment to Resolution No. CSI 2020-03 (Action Item)

Mr. Mouhasseb presented. Mr. Mouhasseb gave an overview of the County of Los Angeles, Office of Diversion and Reentry (County) request to amend the scope of the project and the project description of its approved Community Services Infrastructure (CSI) Grant Program project by reducing the bed capacity from 25 beds to 12 beds, while maintaining all grant funds of \$5,300,945. Mr. Mouhasseb mentioned the amended project will be located in the Recuperative Care Center, a modular building at the Olive View Medical Center campus. Mr. Mouhasseb explained how the County met the Procedures for Addressing Requests for Project Description Changes requirements and that the project was determined to be feasible and sustainable and would have been awarded had it been the original concept at the time of application. Mr. Mouhasseb recommended that the Authority approve the amended project description change, reducing the bed capacity from 25 to 12, and allow the County to keep the grant awarded amount unchanged at \$5,300,945.

Attendees: (via teleconference) Peter Espinoza, Director; Michelle Newell, Deputy Director; and Rose Sunderland, Program Manager, Los Angeles County Department of Health Services Office of Diversion and Reentry; and Alicia Ramos, Capital Projects Program Manager, Los Angeles County Department Public Works.

Ms. Sunderland gave an overview of the project and thanked the Authority and staff.

Member Wong-Hernandez thanked staff for putting together and explaining the procedures for addressing requests for project description change requests.

Member Kalvoda asked about the two letters from the County's Department of Health Services.

Ms. Aboubechara explained that the letters were part of the project description change request for the two different County CSI grants that were originally presented to the Authority as an information item in July 2020.

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

Authority Action

Motion to approve Amendment to Resolution No. CSI 2020-03 to change the scope of the project and the project description. All other conditions in the Resolution shall remain the same and in full effect.

MOTION: Member Kalvoda

SECOND: Member Wong-Hernandez

AYES:.....Members: Silva, Kalvoda, Benjamin, Dorsey, Wong-Hernandez, Ma

NOES:.....NONE

ABSTAIN:.....NONE

RECUSE:.....NONE

MOTION APPROVED.

Item #6

County of Mendocino
Investment in Mental Health Wellness Grant Program (Third Funding Round)
Resolution No. MH 2015-03 (Information Item)

Mr. Mouhasseb presented. Mr. Mouhasseb reported that on January 30, 2020, the Authority approved a fifth amendment to Resolution No. MH 2015-03 for an Investment in Mental Health Wellness Grant Program grant for the County of Mendocino (County) in an amount not to exceed \$500,000.00 to develop a six to eight-bed Crisis Residential Treatment facility to serve individuals 18 years of age and older. Mr. Mouhasseb stated that as a condition of approval, the Authority required the County to provide quarterly updates detailing milestones achieved, progress, and challenges related to the completion of the project. The last update was presented to the Authority on April 29, 2021. Mr. Mouhasseb reported that this report is the County's sixth quarterly update.

Attendees: (via teleconference) Karen Lovato, Acting Senior Program Manager, Behavioral Health and Recovery Services.

Ms. Lovato gave an overview of the County's project.

Member Wong-Hernandez thanked Ms. Lovato for the update on the project.

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

Item #7**County of Los Angeles
Investment in Mental Health Wellness Grant Program (First Funding Round)
Resolution No. MH 2014-06 (Information Item)**

Mr. Mouhasseb presented. Mr. Mouhasseb reported that the Authority approved a reinstatement of, and an amendment to, Resolution No. MH 2014-06 on February 22, 2018 for an Investment in Mental Health Wellness Grant Program grant for the County of Los Angeles Department of Mental Health (County) in an amount not to exceed \$40,892,700.49 to develop 240 beds in 15 new Crisis Residential Treatment Programs, one expanded Crisis Stabilization Unit, aka Urgent Care Center, and 14 Mobile Crisis Support Teams. Mr. Mouhasseb stated as a condition of approval, the Authority required the County to provide quarterly updates detailing milestones achieved, progress, and challenges related to the completion of the projects. The last update was presented to the Authority on April 29, 2021.

Mr. Mouhasseb reported that since the last quarterly update, the County reported that all projects, except LAC+USC, are meeting their targeted milestones and are on track to be open and operational on or before the milestone deadlines. The LAC+USC project would not be open and operational until early 2022, which is beyond the milestone deadline to be open and operational of November 30, 2021, due to a delay in the procurement of windows and doors because of the COVID-19 pandemic. The delay in the LAC+USC project would place the County in breach of its grant agreement.

Mr. Mouhasseb reported that the Authority discovered and confirmed with the Department of Finance that the enacted 2019-20 budget that extended the encumbrance and expenditure deadline for the Investment in Mental Health Wellness Grant Program for Children and Youth also extended the encumbrance and expenditure deadline for the Investment in Mental Health Wellness Grant Program beyond the original December 31, 2021 program deadline. Mr. Mouhasseb reported that staff would work with the County to bring an item before the Authority later this fall to extend the County's milestone deadlines, grant period, and resolution expiration dates.

Attendees: (via teleconference) Jonathan Sherin, MD, PhD, Director; Gregory C. Polk, Chief Deputy Director; and Jo Ann Yanagimoto-Pinedo, Deputy Director, Strategic Initiatives, Los Angeles County Department of Health Services.

Dr. Sherin thanked the Authority and staff and gave an overview of the County's projects.

Member Dorsey thanked staff for their good work as well.

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

Item #8 CHFFA Programs Annual Report Calendar Year 2020 (Information Item)

Mr. Moore gave an overview of the CHFFA Programs Annual Report Calendar Year 2020 that was included in the packet.

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

Items #9 and #10 Public Comment and Adjournment

Chair Ma asked for public comment. Hearing none, the meeting adjourned at 2:25 P.M.