

MINUTES (DRAFT)
CALIFORNIA HEALTH FACILITIES
FINANCING AUTHORITY
(AUTHORITY)

5th Floor Conference Room
915 Capitol Mall, Room 587
Sacramento, California 95814

Pursuant to Government Code section 11133, the Authority is providing Board members, participants, and members of the public the opportunity to participate in this meeting through teleconferencing.

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

August 25, 2022 – 1:45 P.M.
(or upon adjournment of the California Educational Facilities Authority meeting)

OPEN SESSION

Audrey Noda, Chair, called the meeting to order at 1:45 P.M.

The Secretary announced to the public joining in by phone the instructions for being heard.

<u>Item #1</u>	<u>Roll Call</u>
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Members Present: Audrey Noda for Fiona Ma, CPA, State Treasurer
Indira McDonald for Betty T. Yee, State Controller
Antonio Benjamin
Robert Cherry, M.D.
Robert Hertzka, M.D.
Katrina Kalvoda
Keri Kropke, M.A., M.A., CCC-SLP

Members Absent: Gayle Miller for Joe Stephenshaw, Director, Department of Finance
Francisco Silva

Staff Present: Carolyn Aboubechara, Deputy Executive Director
Rosalind Brewer, Staff Services Manager II
Tyler Bui, Associate Governmental Program Analyst
Matt Francis, Associate Governmental Program Analyst

Chair Noda declared a quorum present.

Item #2 Approval of the Minutes from the July 28, 2022, Authority Meeting (Action Item)

Chair Noda asked the Authority members if there were any changes or edits to the minutes.

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

Authority Action

Motion to approve the minutes from the July 28, 2022, Authority meeting.

MOTION: Member Kropke

SECOND: Member Benjamin

AYES:.....Members: Hertzka, Cherry, Kropke, Benjamin, McDonald, Noda

NOES:.....NONE

ABSTAIN:.....Member: Kalvoda

RECUSE:.....NONE

MOTION APPROVED.

Item #3 Executive Director's Report (Information Item)

Contract Delegation of Powers Update

Ms. Aboubechara presented the Contract Delegation of Powers update for financial advisory contracts. The primary contract was approved for KNN Public Finance, LLC in an amount of \$300,000 and the secondary contract was approved for Fieldman, Rolapp & Associates, Inc. in an amount of \$250,000. Both contracts' terms are from August 1, 2022, through June 30, 2024, with an optional third year to renew.

Investment in Mental Health Wellness Grant Program for Children and Youth Delegation of Powers Update

Ms. Aboubechara reported an update for the Investment in Mental Health Wellness Grant Program for Children and Youth Delegation of Powers for the County of Santa Cruz (County). Ms. Aboubechara reported that in April 2021 the County was awarded a grant totaling almost \$600,000 to add one Mobile Crisis Support Team. The delivery of the vehicle had been delayed due to supply chain issues. The County completed the hiring process and was training staff and requested milestone extensions to their open and operational deadline by 60 days and their deadline to submit documentation by 30 days. Specifically, the County requested to extend the operational milestone condition deadline from July 31, 2022, to September 29, 2022, a 60-day extension and to extend its milestone condition deadline to submit all disbursement documentation from October 31, 2022, to November 30, 2022, a 30-day extension. The Deputy Executive Director executed the milestone extensions on July 22, 2022.

Ms. Aboubechara also reported that the application period for the fourth funding round that was accepting applications for Mobile Crisis Support Teams for children and youth closed on July 29, 2022, and Authority staff received three applications from three counties, totaling about \$1.1 million in capital funding and \$2 million in personnel funding. Ms. Aboubechara reported that Authority staff is reviewing and scoring the applications and then will bring back proposals for approval by the Authority board hopefully in October 2022.

Investment in Mental Health Wellness Grant Program Delegation of Powers Quarterly Milestones Update

Ms. Aboubechara reported that there were no changes to the Investment in Mental Health Wellness Grant Program Delegation of Powers Quarterly Milestones spreadsheet last shared with the Authority board in May 2022 and that Los Angeles County was the last remaining county with projects pending.

Ms. Aboubechara provided an update on Los Angeles County's projects. She reported that the crisis stabilization unit, located on the Olive View Campus, became open and operational on August 22, 2022, and was now accepting clients. The crisis residential treatment facilities, located at the LAC/USC, Martin Luther King, Olive View, and Rancho Los Amigos campuses were completed and were currently pending site reviews for licensure. Los Angeles County had reported though that it is unlikely that all site reviews will be conducted by the end of September and that it would be back before the Authority board in September to request an extension to its open and operational milestone condition deadline.

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

Item #4

Fleming & Barnes, Inc., doing business as Dimondale Adolescent Care Facility Healthcare Expansion Loan Program II (HELP II) Resolution No. HII-335 (Action Item)

Mr. Bui presented. Fleming & Barnes, Inc., doing business as (dba) Dimondale Adolescent Care Facility (Dimondale) requested the Authority approve a HELP II loan in an amount not to exceed \$2,000,000. Mr. Bui reported that loan proceeds would be used to finance the purchase of one or more properties to expand residential care facilities located in Los Angeles County. Mr. Bui reported each property would be required to be financed separately and each loan would be required to satisfy the loan financing requirements set forth in the resolution. The collective amount of all the HELP II loans authorized by this resolution cannot exceed \$2,000,000.

Attendees: (via teleconference) Kenneth Fleming, Director; Theresa Foster, Chief Program Officer; and Ivan Colon, Chief Financial Officer, Fleming & Barnes, Inc. dba Dimondale Adolescent Care Facility, Borrower.

Ms. Foster thanked the Authority and gave an overview of Dimondale's projects.

Mr. Colon also thanked the Authority and gave an overview of the impact of the projects on the Antelope Valley.

Member Kropke asked what the child to adult staffing ratio was.

Mr. Colon responded that for every three children, there was one staff member. The staff worked 10-hour shifts. Each home would have approximately 20 staff members, 14 of which would be direct care staff that interact with the children, and the other six came from the Department of Mental Health Services.

Member Kropke asked if any of the adolescents were on an Individual Education Plan (IEP).

Ms. Foster answered that it depended on each individual client's plan for their IEP, but there were tutors that service the youth at the homes and help them with their homework or help bring up any educational gaps they may have had as a foster youth.

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

Authority Action

Motion to approve Resolution No. HII-335 for Fleming & Barnes., dba Dimondale Adolescent Care Facility in an amount not to exceed \$2,000,000, subject to the terms and conditions in the resolution.

MOTION: Member McDonald

SECOND: Member Kalvoda

AYES:.....Members: Kalvoda, Hertzka, Cherry, Kropke, Benjamin, McDonald, Noda

NOES:.....NONE

ABSTAIN:.....NONE

RECUSE:.....NONE

MOTION APPROVED.

Item #5

Silence Aloud, Inc.

HELP II

Resolution No. HII-336 (Action Item)

Mr. Francis presented. Silence Aloud, Inc. (Silence Aloud) requested the Authority approve a HELP II loan in an amount not to exceed \$1,200,000. Mr. Francis reported that the loan proceeds would be used to finance the purchase of a facility located in either Riverside County or San Bernardino County that would be operated as a community wellness center providing mental and behavioral health services for youth.

Attendees: (via teleconference) Keyneica Jones, Executive Director, Silence Aloud, Inc., Borrower.

Ms. Jones thanked the Authority and Matt Francis and gave an overview of Silence Aloud's programs and services.

Member Cherry inquired about the age groupings of the clients and if, for safety purposes, Silence Aloud was looking for two separate buildings on the same property to keep the different age groups separated.

Ms. Jones clarified the ages of the populations. She also noted that the property of interest has three different adjoining suites with separate entrances for each age group.

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

Authority Action

Motion to approve Resolution No. HII-336 for Silence Aloud, Inc. in an amount not to exceed \$1,200,000, subject to the terms and conditions in the resolution.

MOTION: Member McDonald

SECOND: Member Cherry

AYES:.....Members: Kalvoda, Hertzka, Cherry, Kropke, Benjamin, McDonald, Noda

NOES:.....NONE

ABSTAIN:.....NONE

RECUSE:.....NONE

MOTION APPROVED.

Item #6

**Nondesignated Public Hospital Bridge Loan Program II
(Chapter 43, Statutes of 2022)
Resolution No. 2022-03 (Action Item)**

Ms. Brewer presented. Staff requested Authority approval of the Nondesignated Public Hospital Bridge Loan Program II (Program) to adopt the Program guidelines and to delegate authority to the Executive Director or the Deputy Executive Director to issue loans. Ms. Brewer stated that there was a revised Attachment A to the staff report that lists the 33 hospitals with the cities and counties.

Ms. Brewer reported that through December 2020, nondesignated public hospitals participated in Public Hospital Redesign and Incentives in Medi-Cal (PRIME), which provided incentive funding for meeting performance targets. Once the PRIME program shut down, nondesignated public hospitals had to transition to the Quality Incentive Program (QIP). Ms. Brewer stated that, unfortunately, the timeline of receiving funding went from 90 days to up to two years. As you recall, the Authority had this same program last year with \$40 million and this Program now has a new \$40 million.

The Program would provide working capital loans to 33 eligible nondesignated public hospitals to continue to assist with their cash flow issues due to the delay in receipt of their incentive payments. Ms. Brewer reported that the application deadline for the first funding round would be October 14, 2022. If loan proceeds remain after the first funding round, the application deadline for the second funding round would be March 31, 2023. All loan proceeds must be encumbered/approved by June 30, 2023, and available for disbursement until June 30, 2025. The loan terms remain the same with a 0% interest rate; loan proceeds may only be used for working capital; loans must be paid back within 24 months; and the loans are to be secured by the borrowers' Medi-Cal reimbursements. Ms. Brewer stated there was no application fee, and the closing fee was equal to 1% of the loan amount. The main difference between this year's program and last year's program was the setting of both guaranteed and maximum loan amounts for the 33 hospitals. If not all 33 hospitals apply, then the hospitals that do apply, could apply for the maximum loan amounts.

Attendees: (via teleconference) Sherreta Lane, Senior Vice President of Finance and Policy, and Nathan Davis, Senior Vice President of Finance, District Hospital Leadership Forum and Mark Robinson, Chief Financial Officer, Hazel Hawkins Memorial Hospital.

Ms. Lane thanked the Authority and staff and gave an overview of lessons learned and how the Program had been beneficial to the hospitals.

Mr. Robinson also thanked the Authority and gave an overview of the hospital's financial needs, the impact of the COVID-19 pandemic, and the overall challenges seen by the hospitals.

Member Kropke asked what a full-time nurse made in Holster.

Mr. Robinson responded that a fulltime nurse made \$180,000 to \$200,000 a year.

Member Cherry asked if all funds were not spoken for by June 30, 2025, what would happen with those funds.

Ms. Brewer responded that the funds would go back to the General Fund.

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

Authority Action

Motion to approve Resolution No. 2022-03 to establish the Nondesignated Public Hospital Bridge Loan Program II guidelines and the delegation of certain powers to the Executive Director or the Deputy Executive Director.

MOTION: Member McDonald

SECOND: Member Benjamin

AYES:.....Members: Kalvoda, Hertzka, Cherry, Kropke, Benjamin, McDonald, Noda

NOES:.....NONE

ABSTAIN:.....NONE

RECUSE:.....NONE

MOTION APPROVED.

Items #7 and #8

Public Comment and Adjournment

Chair Noda asked for public comment. Hearing none, the meeting adjourned at 2:22 P.M.