

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 provided 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

January 26, 2023 – 1:30 P.M.

OPEN SESSION

Chief Deputy Treasurer Patrick Henning, Chair, called the meeting to order at 1:33 P.M.

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

Item #1

Roll Call

Members Present: Patrick Henning for Fiona Ma, CPA, State Treasurer
David Oppenheim for Malia M. Cohen, State Controller
Adam Dorsey for Joe Stephenshaw, Director of Finance
Francisco Silva
Robert Cherry, M.D.
Robert Hertzka, M.D.
Keri Kropke, M.A., M.A., CCC-SLP

Members Absent: Antonio Benjamin
Katrina Kalvoda

Staff Present: Carolyn Aboubechara, Executive Director
Brock Lewis, Staff Services Manager I
Sondra Jacobs, Staff Services Manager I
Matt Francis, Staff Services Manager I
Ari Jimenez, Associate Governmental Program Analyst
Rana Mayers, Associate Governmental Program Analyst
Tyler Bui, Associated Governmental Program Analyst
Eman Hariri, Associated Governmental Program Analyst
Careen Prince, Staff Services Analyst
Erica Rodriguez, Staff Services Analyst

Chair Henning declared a quorum present.

Item #2

Approval of the Minutes from the December 1, 2022

Authority Meeting (Action Item)

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

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

Authority Action

Motion to approve the minutes from the December 1, 2022, Authority meeting.

MOTION: Member Cherry SECOND: Member Kropke

AYES:.....Members: Silva, Hertzka, Cherry, Kropke, Dorsey, Oppenheim, Henning

NOES:.....NONE

ABSTAIN:.....NONE

RECUSE:.....NONE

MOTION APPROVED.

Item #3

Executive Director’s Report (Information Item)

Bond Delegation of Powers Update

Executive Director Aboubechara presented a Bond Delegation of Powers Update for CommonSpirit Health (CommonSpirit). Executive Director Aboubechara reported that in December 2022, CommonSpirit provided notice to the Authority of its intent to redeem its 2014 Series B bonds and to discharge the Bond Indenture and all indebtedness thereunder and requested the Authority to execute the Certificate and Request Regarding Redemption of Bonds. In consultation with STO legal counsel and the Attorney General’s Office, who both confirmed that the action fell with delegated authority, Executive Director Aboubechara executed the Certificate and Request Regarding Redemption of Bonds on December 7, 2022.

Community Services Infrastructure Grant Program Delegation of Powers Update

Executive Director Aboubechara presented a Community Services Infrastructure Grant Program Delegation of Powers Update for the County of Riverside (County). Executive Director Aboubechara reported that the Authority received a request from the County regarding its CSI grant approved in March 2020, totaling almost \$19 million to extend its milestone condition deadline to be open and operational from December 31, 2022, to March 1, 2023, a 60 day-extension. In consultation with STO legal counsel, who confirmed the action was allowed under delegated authority, Executive Director Aboubechara executed the milestone extension on December 30, 2022.

Nondesignated Public Hospital Bridge Loan Program II Delegation of Powers Summary

Executive Director Aboubechara presented a Nondesignated Public Hospital Bridge Loan Program II Delegation of Powers Summary. She reported that nine hospitals were approved for loans totaling \$40 million dollars.

Other Items

Executive Director Aboubechara reported that staff attended a ribbon cutting ceremony for the County of Solano Health and Social Services Community Services Infrastructure Grant Program project in December 2022, totaling about \$6.3 million.

Executive Director Aboubechara reported staffing updates. Stephanie Heiner joined the Grants Unit, Careen Prince joined the Bonds and Loans Unit, and Rachel Dunham departed the Authority and joined the Department of Health Care Services.

Member Dorsey welcomed the new Authority staff.

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

Item #4 **Loma Linda University Children’s Hospital
Children’s Hospital Program of 2018
Resolution No. CHP-4 2023-01 (Action Item)**

Ari Jimenez reported a correction on page three, first paragraph, fourth line, the number of NICU beds should be 84 not 83.

Ari Jimenez presented. Loma Linda University Children’s Hospital (LLUCH) requested the Authority approve a grant in an amount not to exceed \$135,000,000 under the Children’s Hospital Program of 2018 (Proposition 4). Ari Jimenez reported the proceeds of the grant would be used to fund six major projects:

- 1) The construction, equipping, and furnishing of a new five story, pediatric medical office building (MOB). The MOB would house 23 existing subspecialty clinics under one roof and would increase the number of exam rooms from 130 to 150, allowing over 15,000 additional patients to be seen annually.
- 2) The addition of nine single-bed occupancy rooms to the LLUCH Neonatal Intensive Care Unit, which would increase capacity while providing space for patients who benefit from isolated recovery spaces.
- 3) The relocation and expansion of the Pediatric Oncology and Infusion Center, which would allow LLUCH to perform an additional 2,700 infusions annually.
- 4) The renovation, equipping and furnishing of existing pediatric operating rooms that were over 30 years old.
- 5) The addition of a new 48-bed Pediatric Psychiatric Inpatient Unit, which would provide intensive care treatment in a safe and controlled environment. LLUCH expected to have 2,615 admissions annually.
- 6) Reimbursement of eligible pediatric equipment, including but not limited to a surgical robot, high frequency jet ventilators, and a transport incubator. All the equipment were in service at various pediatric locations.

Attendees: (via teleconference) Peter Baker, Senior Vice President and Administrator; Rusty Oft, Vice President for Business Development and Children’s Hospital Operations; Eric Schilt, Vice President of Loma Linda University Health Planning, Design and Construction; and Brett Walls, Assistant Vice President of Ambulatory Services, Loma Linda University Children’s Hospital; and Nathan Davis, Grant Consultant, Steve Clark & Associates.

Chair Henning asked if the grant amount was \$163,309,328, and Executive Director Aboubechara clarified that \$163,309,328 was the total cost of the projects, and \$135,000,000 was the grant amount being approved.

LLUCH’s Vice President and Administrator Baker thanked the Authority and gave an overview of the projects. He emphasized that the projects would strengthen LLUCH’s ability to meet the needs of the children in the community.

Member Cherry asked if the internal funds were set aside in reserves and if the philanthropy dollars had been raised or were still in the process of being raised.

LLUCH's Vice President and Administrator Baker responded that LLUCH has already used \$12.5 million out of the total \$13.3 internal funds identified as sources of project funds to purchase the equipment and that LLUCH felt confident in their ability to raise the philanthropic amount needed for the project. He added that if not enough money was raised through their philanthropic campaigns, LLUCH would provide the needed funds to complete the project.

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

Authority Action

Motion to approve Resolution No. CHP-4 2023-01 for Loma Linda University Children's Hospital to receive a grant not to exceed \$135,000,000, less costs of issuance and administrative costs, subject to all requirements of the Children's Hospital Program of 2018.

MOTION: Member Cherry SECOND: Member Silva

AYES:.....Members: Silva, Hertzka, Cherry, Kropke, Dorsey, Cohen, Henning

NOES:.....NONE

ABSTAIN:.....NONE

RECUSE:.....NONE

MOTION APPROVED.

Item #5

**Sonoma Valley Health Care District
Healthcare Expansion Loan Program II (HELP II)
Resolution No. HII-342 (Action Item)**

Rana Mayers presented. Sonoma Valley Health Care District (Sonoma Valley) requested the Authority approve a HELP II loan in an amount not to exceed \$2,000,000. Rana Mayers reported the loan proceeds would be used to purchase equipment/information technology (IT) to replace an inefficient electronic health record (EHR) system to achieve improved operational efficiencies to bolster productivity and to increase patient satisfaction.

Attendees: (via teleconference) Benjamin J. Armfield, Chief Financial Officer, Sonoma Valley Health Care District, Borrower.

Sonoma Valley's Chief Financial Officer (CFO) Armfield thanked the Authority and noted that John Henley, the Chief Executive Officer, was not able to attend. CFO Armfield gave an overview of Sonoma Valley's project and the projected revenues.

Member Cherry thanked CFO Benjamin for the presentation and asked whether Sonoma Valley was financially prepared to cover the increased costs associated with the new EHR system.

Sonoma Valley's CFO Armfield responded that they anticipated the increased expenses would be covered by the increased revenues generated through efficiencies created by the new system.

Member Silva asked if Sonoma Valley was upgrading Epic or transitioning to a new EPIC system and whether the cost to train Sonoma Valley staff to use the new system was incorporated in the loan.

Sonoma Valley’s CFO Armfield responded that they would be transitioning the EMR system from Paragon to Epic and also clarified that the funds would only be used to purchase and install the new software.

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

Authority Action

Motion to approve Resolution No. HII-342 for Sonoma Valley Health Care District in an amount not to exceed \$2,000,000, subject to the terms and conditions in the resolution.

MOTION: Member Cohen SECOND: Member Cherry

AYES:.....Members: Silva, Hertzka, Cherry, Kropke, Dorsey, Cohen, Henning

NOES:.....NONE

ABSTAIN:.....NONE

RECUSE:.....NONE

MOTION APPROVED.

Member Silva recused himself from Item #6 because Castle Family is a member of the association that Member Silva serves as Chief Executive Officer.

Item #6 **Castle Family Health Centers**
HELP II
Resolution No. HII-343 (Action Item)

Careen Prince presented. Castle Family Health Centers (Castle Family) requested the Authority approve a HELP II loan in an amount not to exceed \$878,750. Careen Prince reported that the loan proceeds would be used to purchase an existing medical office building located adjacent to one of Castle Family’s existing clinics. The new medical office building would allow Castle Family to increase its capacity and expand its services.

Attendees: (via teleconference) Ed Lujano, Chief Executive Officer and Dawnita Castle, Chief Financial Officer, Castle Family Health Centers, Inc., Borrower.

Castle Family’s Chief Executive Officer Lujano gave an overview of Castle Family’s project.

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

Authority Action

Motion to approve Resolution No. HII-343 for Castle Family Health Centers in an amount not to exceed \$878,750, subject to the terms and conditions in the resolution.

MOTION: Member Oppenheim SECOND: Member Kropke

AYES:.....Members: Hertzka, Cherry, Kropke, Dorsey, Oppenheim, Henning

NOES:.....NONE

ABSTAIN:.....NONE

RECUSE:.....Member Silva

MOTION APPROVED.

Item #7

**OLE Health
HELP II**

Resolution No. HII-337 (Action Item)

Item #7 was removed from the agenda per borrower’s request.

Item #8

**Fred Brown’s Recovery Services, Inc.
HELP II**

First Amendment to Resolution No. HII-338 (Action Item)

Erica Rodriguez presented. Fred Brown’s Recovery Services, Inc. (Fred Brown’s) requested Authority approval to amend Resolution No. HII-338 to amend the project description to include renovations of a recently purchased property and extend the repeal date of the original resolution to September 30, 2023 to allow time to start the renovations. Erica Rodriguez noted that the cumulative amount of the loan, including the renovation project, would not exceed the previously approved \$1,532,000 amount.

Attendees: (via teleconference) Roxie Natale-Brown, Executive Director and Mark Malone, Director of Administration, Fred Brown’s Recovery Services, Inc.

Fred Brown’s Director of Administration Malone thanked the Authority and gave an overview of Fred Brown’s projects.

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

Authority Action

Motion to approve First Amendment to Resolution No. HII-338 for Fred Brown’s Recovery Services, Inc., all other conditions remain unchanged and in full effect.

MOTION: Member Cherry SECOND: Member Oppenheim

AYES:.....Members: Silva, Hertzka, Cherry, Kropke, Dorsey, Oppenheim, Henning

NOES:.....NONE

ABSTAIN:.....NONE

RECUSE:.....NONE

MOTION APPROVED.

Item #9

**Heritage Group Homes, Inc.
HELP II**

Second Amendment to Resolution No. HII-334 (Action Item)

Rana Mayers presented. Heritage Group Homes, Inc. (Heritage) requested Authority approval to amend the resolution to extend the repeal date for its existing HELP II loan to April 30, 2023. Heritage has experienced a potential delay in the closing process of the purchase of a property, as the property is a short sale and requires approval by the bank holding the current mortgage. An extension will allow Heritage ample time to complete the sale or to find a replacement property.

Attendees: (via teleconference) Sandi K. Heyer, Executive Director, Heritage Group Homes, Inc.

Heritage’s Executive Director Heyer thanked the Authority and gave an overview of Heritage’s projects.

Member Cherry asked about the expected date of the loan closing.

Heritage’s Executive Director Heyer confirmed that, despite the bank delays, the closing would take place within 30 days or sooner.

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

Authority Action

Motion to approve Second Amendment to Resolution No. HII-334 for Heritage Group Homes, Inc., all other conditions remain unchanged and in full effect.

MOTION: Member Silva SECOND: Member Kropke

AYES:.....Members: Silva, Hertzka, Cherry, Kropke, Dorsey, Oppenheim, Henning

NOES:.....NONE

ABSTAIN:.....NONE

RECUSE:.....NONE

MOTION APPROVED.

**Item #10 County of Merced and County of Santa Clara
Community Services Infrastructure Grant Program (Third Funding Round)
Resolution No. CSI 2023-01 and Resolution No. CSI 2023-02 (Action Item)**

Sondra Jacobs presented. The Community Services Infrastructure Grant Program, (CSI Program), has the goal of promoting jail diversion programs and services by increasing mental health treatment facilities, substance use disorder treatment facilities, and trauma-centered service facilities. The CSI Program was allocated \$65,813,000 in one-time funding.

Sondra Jacobs reported that over two funding rounds, the Authority approved 17 grant projects with a combined total of \$65,813,000. Three counties forfeited their grant awards totaling \$9,772,268.20 and an additional \$781,571.61 had been forfeited by counties that did not utilize their entire grant award, leaving a total of \$10,553,839.85 in forfeited funding that were made available for award.

Sondra Jacobs reported that a third funding round opened on July 8, 2022 with an application deadline of November 15, 2022. The Authority received two applications from the counties of Merced and Santa Clara requesting a total of \$4.5 million.

Sondra Jacobs reported that Merced and Santa Clara counties received Initial Allocations for the total grant amount requested of \$4.5 million dollars.

Sondra Jacobs reported Merced County would be awarded \$2.5 million to fund the renovation costs of a community treatment space for a pre-trial jail diversion program that would serve approximately 75 clients annually; and Santa Clara County would be awarded \$2 million to fund the purchase of home to add eight beds to its existing Transitional Housing Unit Program and was expected to serve approximately 16 clients annually.

**Item #11 Investment in Mental Health Wellness Grant Program (First Funding Round)
Quarterly Update (Information Item)
County of Los Angeles (Resolution No. MH 2014-06)**

Eman Hariri presented. The Authority approved a reinstatement of, and an amendment to, Resolution Number MH 2014 06 on February 22, 2018, for an Investment in Mental Health Wellness Grant Program grant for the County of Los Angeles (the County) for approximately \$40,900,000.00 to develop 240 beds to serve adults in 15 new Crisis Residential Treatment Programs (CRTP), one expanded Crisis Stabilization Unit, aka Urgent Care Center, 14 Mobile Crisis Support Teams and one clerical staff.

Eman Hariri reported that the Authority required the County to provide quarterly updates detailing milestones achieved, progress and challenges related to the completion of the projects. Eman Hariri reported that on September 29, 2022, the Authority approved a sixth amendment, granting the County an extension to the open and operational milestone condition and extending the grant period and resolution expiration dates to July 31, 2023.

Eman Hariri stated that the 15th quarterly update was presented to the Authority on May 26, 2022.

Attendees: (via teleconference) Connie Draxler, Acting Chief Deputy Director and Jo Ann Yanagimoto-Pinedo, Deputy Director, Strategic Initiatives, County of Los Angeles Department of Health Services.

The County of Los Angeles Department of Health Services Deputy Director, Strategic Initiatives' Yanagimoto-Pinedo thanked the Authority and gave an update on the status of the CRTP buildings and stated that construction on all facilities was complete and ready to be open and operational with the exception of a few that were still pending the community care licensing (CCL) inspection due to being back logged. The Deputy Director Yanagimoto-Pinedo added that the County was taking lessons learned from the CCL inspections that were complete and made an effort to remedy any issues that could be similar in the remaining facilities to avoid any additional delays getting licenses. Deputy Director Yanagimoto-Pinedo also stated that the service providers had expressed concern regarding staffing challenges, and then turned it over to Acting Chief Deputy Director Draxler to share how the County was working with the service providers to help remedy the staffing challenges.

The County of Los Angeles Department of Health Services Acting Chief Deputy Director Draxler reported that one of the projects became open and operational in the week prior to the Authority's board meeting. Acting Chief Deputy Director Draxler also reported that the County was currently working on amending the service provider contracts to increase funding for salaries and benefits that could give the service providers a competitive edge when recruiting.

Member Cherry commented on the great progress made.

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

Item #12 Specialty Dental Clinic Grant Program (Information Item)

Matt Francis presented a summary of the Specialty Dental Clinic Grant Program, a \$25 million grant program that aims to increase access to oral health care for the special health care needs population.

Matt Francis outlined key bill requirements from the program's statute, including competitive selection criteria, maximum grant awards, types of eligible entities, and different eligibility requirements. Matt Francis also noted that the Authority had contracted with the California Dental Association Foundation, as the Technical Advisor, and that the Authority held a stakeholder kickoff meeting on November 3, 2022 and received input from stakeholders.

Matt Francis presented some key elements to be included in the guidelines, including a two-step application phase, offering extra points for collaboration, defining the 50% caseload requirement, establishing a project completion timeframe, using a geographic distribution of funds, and the methods of funds disbursement. Matt Francis also stated the next steps of the program implementation, which would include additional stakeholder meetings, developing guidelines and an application form, possible site visits, the Authority's board approval of the program guidelines, and the grant award process.

Attendees: (via teleconference) Brianna Pittman-Spencer, Government Affairs Director, California Dental Association (CDA).

CDA Government Affairs Director Pittman-Spencer gave a background on how the Specialty Dental Clinic Grant Program was created and explained the need for the program. CDA Government Affairs Director Pittman-Spencer stated that there were a limited number of settings, the need for special equipment and patient sedation, and that Medi-Cal rates were generally lower than private insurance rates. CDA Government Affairs Director Pittman-Spencer stated that there could be a minimum of a year waitlist for patients in some cases, which was made worse by the pandemic and that families may be traveling hours to receive specialized care, and that CDA was ready to share its expertise, its connections with providers and stakeholders, and work together alongside the Authority to build the program.

Member Oppenheim asked if the \$25 million in the proposed budget was subject to a trigger, and if there was any comment from the Legislative Analyst's Office (LAO). CDA Government Affairs Director Pittman-Spencer answered that she believed that the funding was not subject to a trigger and had not heard anything from the LAO.

Member Dorsey commented that he would like to see the Department of Developmental Services involved in the stakeholder process as the program was constructed.

Member Hertzka stated that he looked forward to seeing the program developed.

Member Cherry commented that there were some issues to be worked out, such as the 50% caseload requirement, further mentioning that the waitlist for dental schools where it was taking months to get an appointment could potentially be reduced to weeks with grant funds but may not meet the 50% caseload requirement. Member Cherry suggested that defining what the clinic was in the broad outpatient environment would be necessary and explained that reducing the need for anesthesia may not be practical because of the complexity of the patient population. Member Cherry recommended that reducing the need of anesthesia overall may not be the best approach, but to focus on the avoidance of unnecessary anesthesia where possible. Member Cherry also suggested to look at the spirit of the intent of the statute to ensure the program was successful over the long term.

Member Silva questioned what the process for engaging stakeholders entailed.

Executive Director Aboubechara responded that the Authority held a stakeholder meeting in November with providers and stakeholders, and that the Authority received many inquiries about the program. Executive Director Aboubechara stated that the Authority would also hold smaller meetings with key stakeholders and would work closely with CDA to get outstanding issues worked out.

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

Items #13 and #14

Public Comment and Adjournment

Chair Henning asked for public comment. Hearing none, the meeting adjourned at 2:56 P.M.