

## MINUTES

### CALIFORNIA HEALTH FACILITIES FINANCING AUTHORITY (AUTHORITY)

**First Floor Conference Room  
901 P Street, Room 102  
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

May 25, 2023 – 1:30 P.M.

#### **OPEN SESSION**

Chief Deputy Treasurer Patrick Henning, Chair, called the meeting to order at 1:32 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  
Iliana Ramos for Joe Stephenshaw, Director of Finance  
Antonio Benjamin  
Robert Cherry, M.D.  
Robert Hertzka, M.D.  
Katrina Kalvoda  
Keri Kropke, M.A., M.A., CCC-SLP

Members Absent: Francisco Silva

Staff Present: Carolyn Aboubechara, Executive Director  
Sondra Jacobs, Staff Services Manager I  
Matt Francis, Staff Services Manager I  
Erica Rodriguez, Associate Government Program Analyst  
Tyler Bui, Associate Government Program Analyst  
Eman Hariri, Associate Government Program Analyst  
Rana Mayers, Associate Government Program Analyst  
Chris Healy, Associate Government Program Analyst  
Caren Prince, Staff Services Analyst

Chair Henning declared a quorum present.



Marshall requested the Authority supplement and amend Resolution No. 440 to apply remaining bond proceeds to an additional project: to finance a portion of the costs of acquisition and remodeling of a building to be used for clinical services, located in El Dorado Hills, CA.

Attendees: (via teleconference) Laurie Eldridge, Chief Financial Officer, Marshall Medical Center, Borrower; and Jenna Magan, Partner and Mayling Leong, Senior Associate, Orrick, Herrington & Sutcliffe LLP, Bond Counsel.

Chief Financial Officer Eldridge thanked the Authority and described how the amendment would allow Marshall to best serve the members of its community through the purchase and renovation of a 2-story property in El Dorado Hills.

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

**Authority Action**

Motion to approve Supplement and Amendment to Resolution No. 440 for Marshall Medical Center, with all prior provisions and conditions remaining unchanged and in full effect.

MOTION: Member Cherry SECOND: Member Kropke

AYES:.....Members: Kalvoda, Hertzka, Cherry, Kropke, Benjamin, Ramos, Oppenheim, Henning

NOES:.....NONE

ABSTAIN:.....NONE

RECUSE:.....NONE

MOTION APPROVED.

**Item #5** **Chinatown Service Center  
Healthcare Expansion Loan Program II (HELP II)  
Resolution No. HII-344 (Action Item)**

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Staff member Tyler Bui presented. Staff member Bui reported that Chinatown Service Center (CSC) requested a HELP II loan of \$2,000,000 for the purchase of an existing property to be used as a community clinic, which will expand access to healthcare services to residents of the city of Alhambra.

Attendees: (via teleconference) Peter Ng, Chief Executive Officer and Yeryca Ramos, Chief Financial Officer, Chinatown Service Center.

Chief Executive Officer Ng thanked the Authority and gave an overview of CSC’s project.

Member Oppenheim commented on the worthiness of the applicant’s organization and commended the applicant for their cause.

Member Cherry reiterated Member Oppenheim’s sentiment and asked whether the project would include hearing care.

Chief Executive Officer Ng reported that while there would be no dedicated hearing care department, the referral system would be able to resolve these issues and, if needed, the social services department would also intervene by way of economic assistance.



**Authority Action**

Motion to approve Resolution No. HII-345 for Northeastern Rural Health Clinics in an amount not to exceed \$332,500 for renovations and not to exceed \$80,000 for equipment, subject to the terms and conditions in the resolution.

MOTION: Member Kropke

SECOND: Member Kalvoda

AYES:.....Members: Kalvoda, Hertzka, Cherry, Kropke, Benjamin, Ramos, Oppenheim, Henning

NOES:.....NONE

ABSTAIN:.....NONE

RECUSE:.....NONE

MOTION APPROVED.

**Item #7**

**Asian Pacific Health Care Venture, Inc.**

**HELP II**

**First Amendment to Resolution No. HII-341 (Action Item)**

Staff member Rana Mayers presented. Staff member Mayers reported that on December 1, 2022, Asian Pacific Health Care Venture, Inc. (Asian Pacific) was approved for a \$1,500,000 loan to renovate an existing facility. Staff member Mayers reported that Asian Pacific would not be able to submit the necessary documentation to close the loan prior to the June 1, 2023 resolution repeal date due to delays with a zoning requirement regarding the number of parking spaces required by the City of El Monte zoning department. The updated renovation start date is now October 2023. Staff member Mayers noted that the extension request would move the resolution repeal date to December 1, 2023 and allow the project to be completed by August 2024.

Attendees: (via teleconference) Kazue Shibata, Chief Executive Officer; Nardo Beltran, Chief Financial Officer; and Andrew Ma, Director of Facility Operations, Asian Pacific Health Care Venture, Inc.

Director of Facility Operations Ma reiterated that the delay was due to the zoning requirement and noted that the issue had been approved by the City of El Monte Zoning Review Committee.

Member Cherry asked if any appeals to the approval were received during the ten-day appeal window.

Director of Facility Operations Ma confirmed that there were no appeals and that they were signing documents to move forward with the project.

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

**Authority Action**

Motion to approve First Amendment to Resolution No. HII-341 for Asian Pacific Health Care Venture, Inc., all other conditions remain unchanged and in full effect.

MOTION: Member Hertzka

SECOND: Member Oppenheim

AYES:.....Members: Kalvoda, Hertzka, Cherry, Kropke, Benjamin, Ramos, Oppenheim, Henning

NOES:.....NONE  
ABSTAIN:.....NONE  
RECUSE:.....NONE

MOTION APPROVED.

**Item #8**

**County of Santa Clara**  
**Community Services Infrastructure Grant program (Fourth Funding Round)**  
**Resolution No. CSI 2023-03 (Action Item)**

Staff member Sondra Jacobs presented. Staff member Jacobs reported the Community Services Infrastructure (CSI) Grant Program opened its fourth funding round, on December 12, 2022, with an application deadline of March 3, 2023. The Authority received four applications from three counties (Fresno, Santa Clara, and Yuba) and one from a non-profit entity requesting a combined total of approximately \$22 million dollars. Two applications were not eligible for scoring, as the non-profit entity did not meet the criteria of an eligible applicant, and Fresno County submitted its application after the submission deadline in the inaccurate format. Staff member Jacobs stated that Authority staff confirmed with legal counsel on their eligibility. Staff Member Jacobs reported that Yuba County later voluntarily withdrew its application due to the lack of county resources to manage grant activities. Staff Member Jacobs reported that Santa Clara County (the County) received an initial allocation of \$6 million and the grant would fund the purchase of three homes, which would allow the County to grow its Transitional Housing Unit program by 18 beds and provide behavioral health services to 36 justice-involved individuals annually.

Staff member Jacobs reported that the deadline to encumber funds for the CSI program was June 30, 2023 and that the remaining unallocated funds of approximately \$147 thousand would revert back to the General Fund.

Attendees: (via teleconference) Gabby Olivarez, Division Director and Rebeca Lemus-Mendez, Program Manager III, Santa Clara County Behavioral Health Services Department, Forensic, Diversion, and Reintegration Division and Khani Gustafson, CA Institute of Behavioral Health Solutions.

Division Director Olivarez thanked the Authority and gave an overview of the County’s project.

Member Cherry commented regarding Yuba County’s voluntary withdrawal of its application, stressing the importance of working with the counties and linking them with resources to help with grant writing and grant management.

Chair Henning commented that while the CSI program was in its final funding round, Authority staff had done outreach to work with applicants as much as possible.

Executive Director Aboubechara acknowledged and reiterated the need and importance to work collaboratively with counties and that Authority staff offers help to applicants prior to the application submission and encourages applicants to do so.

Member Kropke asked for clarification regarding the nature of services provided by the County’s Behavioral Health Services Department and whether the program addressed learning disabilities of participants.



Member Cherry agreed that the new location was preferred and asked if it was affected by the recent flooding.

Director Gutierrez-Wang reported that the new location was not affected by the recent flooding, and no concerns have been raised about its a vulnerability to future flooding.

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

**Authority Action**

Motion to approve a First Amendment to Resolution No. CY 2022-04 to amend the milestone conditions and extend the grant period and resolution expiration dates to June 30, 2026. All other conditions shall remain the same and in full effect.

MOTION: Member Cherry SECOND: Member Benjamin

AYES:.....Members: Kalvoda, Hertzka, Cherry, Kropke, Benjamin, Ramos,  
Oppenheim, Henning

NOES:.....NONE

ABSTAIN:.....NONE

RECUSE:.....NONE

MOTION APPROVED.

**Item #10**

**Distressed Hospital Loan Program  
Resolution No. 2023-01 (Action Item)**

Executive Director Aboubechara and staff member Matt Francis presented. Executive Director Aboubechara presented that staff is seeking approval of Resolution No. 2023-01 to delegate authority to the Executive Director and the Deputy Executive Director to assist the Department of Healthcare Access and Information (the Department) to implement the Distressed Hospital Loan Program (Program) in accordance with an interagency agreement and to issue loans at the direction of the Department.

Executive Director Aboubechara reported that a series of hospitals are at the verge of bankruptcy or have shut down recently due to factors including, but not limited to, the COVID-19 pandemic, labor shortages, increased expenses, no increases to reimbursement rates, and rising levels of inflation, all of which urged the Governor to sign into law AB112 on May 15, 2023, creating the Distressed Hospital Loan Program. The legislation allocated \$150 million in one-time general fund money for the Department to develop jointly with the Authority a working capital loan program with 0% interest over 72 months, including an 18-month initial payment deferral period.

Executive Director Aboubechara reported on the possibility of modifications or forgiveness of the loans and stated that the criteria would be developed in the future and any such changes would be brought before the Authority for approval. The Department would primarily be responsible for the development of the loan methodology, in collaboration with the Authority, the Department of Healthcare Services, the Department of Managed Healthcare, and the Department of Public Health. Executive Director Aboubechara stated that the Authority would be receiving applications and sharing them with the Department, who would then be solely responsible for determining the borrower's eligibility, evaluating the applications, and determining the loan amounts. The Department will share their determinations with Authority



staff, at which point the Authority would issue the loans directly to the hospitals. Executive Director Aboubechara mentioned that there may be some clean up edits to the statutory language to ensure the effective implementation of this Program.

Attendees: (via teleconference) J.P. Marion, Deputy Director, the Department of Health Care Access and Information.

Deputy Director Marion reported on the Department's ability to perform financial analytics and the Department's lack of infrastructure to directly service loans as efficiently as the Authority. Deputy Director Marion explained that the Department was developing in collaboration with the Authority the loan methodology for scoring and approving the loans, which included four factors that would be considered: liquidity, profit and loss analysis, a turnaround plan, and the community need. Deputy Director Marion stated that the Department hosted a webinar in which it presented the criteria to stakeholders and offered channels for them to submit feedback and comments on the methodology.

Member Oppenheim stated support for the Program and asked for clarification regarding the fiduciary responsibility of the Authority.

Chair Henning shared Member Oppenheim's concern and stated that legal counsel was consulted on this issue.

Executive Director Aboubechara elaborated on the Authority's limited role in the implementation of the Program, acting as a contractor to the Department, that was being delegated to the Executive Director and the Deputy Executive Director to issue and administer the loans at the direction of the Department, who would make the decisions to approve or deny the loans and determine the loan amounts.

Member Ramos stressed the need for an expedited and thoughtful disbursement of funds to avoid closures.

Chair Henning thanked all parties involved, including the community of hospitals in California, and commended the Authority members' attention to this program to allow the money to quickly move out the door and assist the hospitals in need.

Member Kropke applauded the government of California and those involved for the ability to effect positive change.

Member Oppenheim requested notification be provided to the Authority of the program's first loan issuance.

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

**Authority Action**

Motion to approve Resolution No. 2023-01 to delegate authority to the Executive Director and the Deputy Executive Director, in the Executive Director's absence, to assist the Department with the implementation of the Program pursuant to an interagency agreement and to issue loans at the direction of the Department.

MOTION: Member Oppenheim

SECOND: Member Ramos

AYES:.....Members: Kalvoda, Hertzka, Cherry, Kropke, Ramos, Oppenheim, Henning  
NOES:.....NONE  
ABSTAIN:.....NONE  
RECUSE:.....NONE

MOTION APPROVED.

**Item #11** **Interagency Agreement with the Department of Health Care Access and Information Resolution No. 2023-02 (Action Item)**

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Staff member Matt Francis presented. Staff member Francis reported that this interagency agreement with the Department of Health Care Access and Information (Department) would enable the Authority to assist with the implementation of the Distressed Hospital Loan Program (Program). The Authority would assist the Department in determining the application process, underwriting review, and methodology for approval and distribution of loans, and the Authority would issue the loans. Staff member Francis mentioned that the Department may allocate up to 5% of the Program’s \$150 million in funding, or \$7.5 million in total, for costs associated with the administration of the Program.

Attendees: None

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

**Authority Action**

Motion to approve Resolution No. 2023-02 for the proposed Interagency Agreement with the Department of Health Care Access and Information to assist with the implementation of the Distressed Hospital Loan Program for the period of May 15, 2023 through December 31, 2031.

MOTION: Member Oppenheim SECOND: Member Cherry

AYES:.....Members: Kalvoda, Hertzka, Cherry, Kropke, Ramos, Oppenheim, Henning  
NOES:.....NONE  
ABSTAIN:.....NONE  
RECUSE:.....NONE

MOTION APPROVED.

**Item #12** **Approval of an Interagency Agreement with the State Treasurer’s Office Resolution No. 2023-03 (Action Item)**

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Staff member Chris Healy presented. Staff member Healy reported on the interagency agreement with the State Treasurer's Office to provide the Authority with various executive and support services. The proposed interagency agreement amount for the fiscal year 2022-2023 was \$414,771.55.

Attendees: None

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

**Authority Action**

Motion to approve Resolution No. 2023-03 for the Interagency Agreement with the State Treasurer’s Office for Fiscal Year 2022-2023 in an Amount Not to Exceed \$414,771.55.

MOTION: Member Cherry

SECOND: Member Oppenheim

AYES:.....Members: Kalvoda, Hertzka, Cherry, Kropke, Ramos, Oppenheim, Henning

NOES:.....NONE

ABSTAIN:.....NONE

RECUSE:.....NONE

MOTION APPROVED.

**Item #13** **Calendar Year 2022 Annual Report**  
**Bond and Tax-Exempt Equipment Financing Programs (Information Item)**

Staff member Rana Mayers presented. Staff member Mayers gave an overview of the Bond & Tax-Exempt Equipment Financing Programs Annual Report for calendar year 2022.

**Item #14** **HELP II Calendar Year 2022 Annual Report (Information Item)**

Staff member Careen Prince presented. Staff member Prince gave an overview of the HELP II 2022 Annual Report for calendar year 2022.

Chair Henning requested staff to take a look at interest rates to ensure the program remains competitive.

**Items #15 and #16** **Public Comment and Adjournment**

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