

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

June 29, 2023 – 1:30 P.M.

OPEN SESSION

Chief Deputy Treasurer Patrick Henning, Chair, called the meeting to order at 1:34 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: Patrick Henning for Fiona Ma, CPA, State Treasurer
David Oppenheim for Malia M. Cohen, State Controller
Iliana Ramos for Joe Stephenshaw, Director of Finance
Francisco Silva
Robert Cherry, M.D.
Katrina Kalvoda

Members Absent: Antonio Benjamin
Robert Hertzka, M.D.
Keri Kropke, M.A., M.A., CCC-SLP

Staff Present: Carolyn Aboubechara, Executive Director
Matt Francis, Staff Services Manager I
Ashley Etter, Staff Services Analyst

Chair Henning declared a quorum present.

Item #2	Approval of the Minutes from the May 25, 2023 Authority Meeting (Action Item)
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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 May 25, 2023, Authority meeting.

MOTION: Member Cherry

SECOND: Member Silva

AYES:.....Members: Silva, Kalvoda, Cherry, Ramos, 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 Memorial Health Services (Memorial), Series 2016B. Executive Director Aboubechara reported that in April 2023, Memorial provided notice to CHFFA of its intent to change the benchmark used to calculate interest on the Bonds from the London Interbank Offered Rate (or LIBOR) to the Secured Overnight Financing Rate (or SOFR) and requested CHFFA to execute a First Supplemental Bond Indenture. Executive Director Aboubechara executed the First Supplemental Bond Indenture on June 7, 2023.

Executive Director Aboubechara presented a Bond Delegation of Powers Update for Children's Hospital Los Angeles (CHLA), Series 2017B. Executive Director Aboubechara reported that in May 2023, CHLA provided notice to CHFFA of its intent to change the benchmark used to calculate interest on the Bonds from the London Interbank Offered Rate (or LIBOR) to the Secured Overnight Financing Rate (or SOFR) and requested CHFFA to execute an Amended and Restated Bond Indenture. Executive Director Aboubechara executed the Amended and Restated Bond Indenture on June 12, 2023.

Executive Director Aboubechara presented a Bond Delegation of Powers Update for City of Hope, Series 2017AB. Executive Director Aboubechara reported that in May 2023, City of Hope provided notice to CHFFA of its intent to change the benchmark used to calculate interest on the Bonds from the London Interbank Offered Rate (or LIBOR) to the Secured Overnight Financing Rate (or SOFR) and requested CHFFA to execute two Second Supplemental Indentures and Replacement Notes. Executive Director Aboubechara executed the two Second Supplemental Indentures and Replacement Notes on June 12, 2023.

Contract Delegation of Powers Update

Executive Director Aboubechara presented a Contract Delegation of Powers Update. Executive Director Aboubechara reported that the Authority executed an amendment to extend the contract with Orrick, Herrington & Sutcliffe for the 2023/24 fiscal year to provide outside legal counsel services on Cal-Mortgage insured bond transactions.

Executive Director Aboubechara also reported the Authority had entered into an interagency agreement to reimburse the State Treasurer's Office for security expenses and annual rent from July 1, 2022, through June 30, 2023.

Distressed Hospital Loan Program Update

Executive Director Aboubechara reported that Authority staff had been working very closely with the Department of Health Care Access and Information on the development of the Distressed Hospital Loan Program, finalized the application that went “live” on June 16th, and held a webinar for interested hospitals on the application process and on the updated methodology. The Attorney General’s Office has been consulted regarding the development of the loan documents because of the complexity of some hospitals being in bankruptcy and may need to hire additional outside counsel. Executive Director Aboubechara also reported the possibility of an additional \$150 million in funding coming through legislation on top of the existing \$150 million.

2022 CHFFA Annual Report

Executive Director Aboubechara reported that the 2022 Annual Report was provided for the board’s reference and would be available to the public on the Authority’s website that summarized all of CHFFA’s activities and programs for 2022.

Other Item

Executive Director Aboubechara reported the departure of Staff Member Yuanyuan Myint.

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

Item #4

Valley Children’s Hospital Children Hospital Program of 2018 Resolution No. CHP-4 2023-03 (Action Item)

Staff Member Etter presented. Staff Member Etter reported that Valley Children’s Hospital (VCH) requested the Authority approve a grant in an amount not to exceed \$8,108,663.46 to reimburse the costs of eligible pediatric portions of patient care equipment and renovation projects. Staff Member Etter reported that the patient care equipment included, but was not limited to, a surgical robot, 10 brain monitors, one x-ray machine, 370 infusion pumps, four operating room power tools, and a pharmacy robot system. The renovation projects included, but were not limited to, the pharmacy remodel and renovations associated with the installation and replacement of equipment. Staff Member Etter reported that VCH’s application satisfactorily met the six factors identified in Proposition 4, the Children’s Hospital Bond Act of 2018.

Attendees: (via teleconference) Tim Curley, Director of Community and Government Relations, Valley Children’s Hospital.

Director Curley thanked the Authority and gave an overview of the project.

Chair Henning asked whether efforts to automate the facility would catch them up with other facilities or if automation was a step towards the future.

Director Curley reported that VCH was the only provider using the da Vinci Surgical System in central California, which indicated a vision for the future.

Member Oppenheim expressed support for the project and stressed the need for healthcare resources in the Central Valley.

Director Curley thanked Member Oppenheim for his support.

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

Authority Action

Motion to approve Resolution No. CHP-4 2023-03 for Valley Children's Hospital to receive a grant not to exceed \$8,108,663.46, subject to all the requirements of the Children's Hospital Program of 2018.

MOTION: Member Oppenheim

SECOND: Member Cherry

AYES:.....Members: Silva, Kalvoda, Cherry, Ramos, Oppenheim, Henning

NOES:.....NONE

ABSTAIN:.....NONE

RECUSE:.....NONE

MOTION APPROVED.

Item #5

**Specialty Dental Clinic Grant Program
Development Update (Information Item)**

Staff Member Matt Francis presented. Staff Member Francis reported the Authority continued to work with the California Dental Association Foundation (CDAF) and other stakeholders on program guidelines. Staff Member Francis reported several changes to program guidelines from the January 2023 Authority meeting, highlighting the six key elements that were described. Authority staff previously reported that the Authority was considering a two-phase application approach but will only hold one-phase after extensive stakeholder feedback. Authority staff will also not offer extra points for project collaboration, due to difficulties in coordination between applicants and unintentionally punishing applicants who do not wish to collaborate with other service providers. Additionally, Authority staff plans on applying the compliance requirement to maintain a 50% caseload of special health care needs populations only to projects financed by grant funds, and not to the entire organization. Authority staff established project readiness timeframes, including 18 months for construction and expansion, 12 months for acquisition and renovation, and nine months for equipment-only projects. Staff Member Francis mentioned the plan to use a geographic distribution of funding and that the Authority would offer to disburse grant funds on an advance basis as well as a reimbursement basis.

Staff Member Francis reported on the eligible uses of funds, including construction, purchase or renovation/remodeling of real property, and purchasing equipment or mobile dental units. Staff Member Francis explained that Authority staff identified a way to distribute funds geographically across five regions, based on a region's weighted average of both the total number of populations with a disability, and proportionate share of populations with a disability when compared to all of California. Staff Member Francis discussed that the evaluation criteria for the program was now developed, including how the project supports or improves timely access to patient care, reduces geographic shortages of specialty dental care, how the project increases equity and supports quality of care for special health care needs populations, how the project reduces the need for sedation or anesthesia, and how the project is ready, feasible, and sustainable.

Staff Member Francis reported that the Authority conducted a survey in an effort to understand interest in the program, its potential applicants, and project funding amounts. The Authority received 74 responses that indicated that approximately \$158 million in grant funding would be requested, that funding requests would be spread across California, and that proceeds would be used for a variety of different projects. Staff Member Francis also reported that Authority staff attended two site visits, with one in Sacramento at the Alta Regional Medical Center/Health and Life Organization clinic, and one in San Francisco at University of the Pacific's Arthur A. Dugoni School of Dentistry. Each clinic offered dedicated space to patients with special health care needs, had staff that specialized in treatment of these patients, and had specific features such as unique treatment rooms.

Staff Member Francis reported next steps for the program, including additional stakeholder meetings, finalizing program guidelines and application, board approval of the guidelines and application, opening of the first funding round, and holding a technical assistance webinar to help applicants apply for grant funding.

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

Senior Director of Governmental Affairs Pittman-Spencer stressed the shortage of dental care for the special health care needs populations, explained challenges that the population faces, and described specific equipment used to treat these populations.

Member Cherry asked for clarification regarding how the statutory requirement of a 50% caseload of special health care needs patients would be measured and expressed concern over difficulties in meeting the requirement.

Staff Member Francis noted that Authority staff received extensive feedback regarding this requirement and explained that stakeholders communicated that the 50% requirement would be too difficult to meet if it were to be set on the entire organization. Staff Member Francis further explained that based on this feedback, the requirement would only be tied to the project that would be financed by grant funds, and not to the entire organization.

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

Items #6 and #7

Public Comment and Adjournment

Chair Henning asked for public comment. Hearing none, the meeting adjourned at 2:12 P.M.