

MINUTES

CALIFORNIA HEALTH FACILITIES FINANCING AUTHORITY (AUTHORITY)

**First Floor Conference Room
901 P Street, Room 102
Sacramento, California 95814**

Alternate Location for CHFFA Teleconference Participation:

**300 S. Spring Street, Suite 8500-South Tower
Los Angeles, California 90013**

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

August 31, 2023, 1:30 P.M.

OPEN SESSION

Deputy Treasurer Khaim Morton, Chair, called the meeting to order at 1:30 P.M.

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

Item #1	Roll Call
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Members Present:	Khaim Morton for Fiona Ma, CPA, State Treasurer David Oppenheim for Malia M. Cohen, State Controller Guadalupe Manriquez for Joe Stephenshaw, Director of Finance Robert Hertzka, M.D. Keri Kropke, M.A., M.A., CCC-SLP
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Members Absent:	Antonio Benjamin Francisco Silva Robert Cherry, M.D. Katrina Kalvoda
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Staff Present:	Bianca Smith, Deputy Executive Director Brock Lewis, Staff Services Manager I Matt Francis, Staff Services Manager I Rana Mayers, Associate Governmental Program Analyst Tyler Bui, Associate Governmental Program Analyst Careen Prince, Staff Services Analyst
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Chair Morton declared a quorum present.

Item #2 **Approval of the Minutes from the July 27, 2023 Meeting (Action Item)**

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

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

Authority Action

Motion to approve the minutes from the July 27, 2023 Authority meeting.

MOTION: Member Hertzka SECOND: Member Oppenheim

AYES:.....Members: Kropke, Hertzka, Manriquez, Oppenheim, Morton

NOES:.....NONE

ABSTAIN:.....NONE

RECUSE:.....NONE

MOTION APPROVED.

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

**Investment in Mental Health Wellness Grant Program for Children and Youth
(CY Grant Program) Update**

Deputy Executive Director Smith reported the fifth funding round for the CY Grant Program ended on July 28, 2023. A total of 10 applications were received requesting \$34,700,000 for capital funding and \$2,400,000 for mobile crisis personnel funding, for a grand total of \$37,100,000. Approximately \$10,800,000 was available in capital funding and \$192,000 in mobile crisis personnel funding for the CY Grant program. Deputy Executive Director Smith reported that Authority staff was reviewing and scoring applications and would confer with the grant committee, technical advisors, and legal counsel prior to presenting award recommendations to the Authority.

Distressed Hospital Loan Program Update

Deputy Executive Director Smith reported the Authority received 30 applications for the Distressed Hospital Loan Program by the July 31, 2023 deadline. The Department of Health Care Access and Information (Department) considered multiple factors when examining applications. The greatest consideration was given to hospitals with a high level of financial distress, hospitals at risk of closing in the near future, and hospitals with a robust turnaround plan. Deputy Executive Director Smith reported that the Department awarded \$292,500,000 in no-interest loans to 17 healthcare facilities, and Authority staff sent out loan documents to nine of the hospitals for a total amount of \$142,100,000. Deputy Executive Director Smith reported that staff would send out loan documents to the remaining borrowers as soon as the second \$150 million was secured, and referred the board to the handout provided, identifying the hospitals receiving loan documents in the first and second tranches. Deputy Executive Director Smith reported that the Attorney General's Office and Orrick would provide legal assistance for hospitals that were in bankruptcy proceedings.

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

Item #4

**Stanford Health Care, Stanford, Santa Clara County
Bond Financing Program
Resolution No. 450 (Action Item)**

Staff Member Mayers presented. Staff Member Mayers reported that Stanford Health Care (Stanford) requested approval to issue tax-exempt bonds in an aggregate amount not to exceed \$300,000,000. Bond proceeds would be used to modernize Stanford's 1959-era hospital facility located at 300 Pasteur Drive in Stanford. Renovations would comply with seismic safety requirements while increasing inpatient capacity by 44 beds. Also, noted was a minor edit to Exhibit A of the Resolution. The third line of the Exhibit A should read "existing health facilities of the borrower."

Attendees: (via teleconference) Rafif Ismail, Vice President and Treasurer, Stanford Health Care; John Landers, Managing Director, John Badwick, Executive Director, and Jacqueline Lu, Vice President, Morgan Stanley; William Malkevich, Vice President and Andrew Konigsberg, Associate, RBC Capital Markets, LLC and (in person) Jenna Magan, Partner, Orrick, Herrington, & Sutcliffe LLP.

Vice President and Treasurer Ismail thanked the Authority and gave a brief overview of the project and the use of funds.

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

Authority Action

Motion to approve Resolution No. 450 in an amount not to exceed \$300,000,000 for Stanford Health Care for the Bond Financing Program, subject to the terms and conditions in the resolution.

MOTION: Member Kropke

SECOND: Member Hertzka

AYES:.....Members: Kropke, Hertzka, Manriquez, Oppenheim, Morton

NOES:.....NONE

ABSTAIN:.....NONE

RECUSE:.....NONE

MOTION APPROVED.

Item #5

**Stanford Health Care, Stanford, Santa Clara County
Commercial Paper Program
Resolution No. 451 (Action Item)**

Staff Member Rana Mayers presented. Staff Member Mayers reported that Stanford Health Care requested approval to issue tax-exempt commercial paper notes in an aggregate amount not to exceed \$200,000,000. Tax-exempt commercial paper notes would be issued to fund and reimburse capital expenditures at 500 Broadway in Redwood City and at 300 Pasteur Drive in Stanford.

Attendees: (via teleconference) Rafif Ismail, Vice President and Treasurer, Stanford Health Care, William Malkevich, Vice President and Andrew Konigsberg, Associate, RBC Capital Markets, LLC, and (in person) Jenna Magan, Partner, Orrick, Herrington, & Sutcliffe LLP.

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

Motion to approve Resolution No. 451 in an aggregate amount not to exceed \$200,000,000 for Stanford Health Care for the Commercial Paper Program, subject to the terms and conditions in the resolution.

MOTION APPROVED.

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

Motion to approve a Resolution No. 452 in an amount not to exceed \$75,000,000 for Adventist Health System/West for the Bond Financing Program, subject to the terms and conditions in the resolution.

MOTION APPROVED.

**Item #7 City of Hope and Certain of its Affiliates, Duarte, Los Angeles County
Bond Financing Program
Approval of an Amendment to Resolution No. 384 Authorizing the
Reissuance of Certain Bonds and Related Amendments (Action Item)**

Staff Member Lewis presented. In November 2012, the Authority issued the Series 2012A tax-exempt bonds (the Bonds) in the amount of \$234,635,000 for City of Hope and Certain of its Affiliates (COH), as authorized by the Authority approval of Resolution No. 384. Bond proceeds were used to finance and refinance certain capital projects. Staff Member Lewis reported that COH requested Authority approval to amend Resolution No. 384 to extend the no-call period for the Bonds until 2033, to increase the minimum denominations of the bonds to \$100,000 and \$5,000 in excess thereof, and to make changes to the project list.

Attendees: (via teleconference) Ty Conner, Executive Director of Capital Markets and Credit Strategy, City of Hope and Certain of its Affiliates and David Kates, Partner, Chapman and Cutler LLP.

Ty Conner thanked the Authority and provided an overview of the project.

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

Authority Action

Motion to approve an amendment to Resolution No. 384 for City of Hope and Certain of its Affiliates to reissue certain of the Bonds in a direct purchase transaction, to extend the no-call period for the Bonds until November 15, 2033, to change the authorized denominations of the Bonds to \$100,000 and \$5,000 in excess thereof, and to amend the project list. All other conditions shall remain the same and in full effect.

MOTION: Member Manriquez SECOND: Member Hertzka

AYES:.....Members: Kropke, Hertzka, Manriquez, Oppenheim, Morton

NOES:.....NONE

ABSTAIN:.....NONE

RECUSE:.....NONE

MOTION APPROVED.

**Item #8 Northern California PET Imaging Center, Sacramento, Sacramento County
Healthcare Expansion Loan Program II (HELP II)
Resolution No. HII-347 (Action Item)**

Staff Member Prince presented. Staff Member Prince reported that Northern California PET Imaging Center (NCPIC) requested approval of a HELP II loan in an amount not to exceed \$1,175,000. Loan proceeds would fund the purchase of a PET/CT Scanner to be used at NCPIC's Rocklin location. Purchasing the PET/CT scanner would allow NCPIC to increase patient capacity in Sacramento, Placer, Yolo, Sutter, Shasta, and Butte counties. Staff Member Prince reported that NCPIC anticipated the Rocklin location would be open and operational in November or December 2023.

Attendees: (in person) Brad Schmidt, Chief Executive Officer, Norther California PET Imaging Center. (via teleconference) George Lenzi, Chief Financial Officer, Northern California PET Imaging Center.

Chief Executive Officer Schmidt thanked the Authority and provided an overview of the project.

Member Hertzka asked what the patients were currently doing to have their needs met.

Chief Executive Officer Schmidt explained that as an independent nonprofit, NCPIC was able to offer better pricing than local alternatives while also rendering services to all, including justice-involved individuals and uninsured patients. Chief Executive Officer Schmidt described how NCPIC was pioneering treatment and research in the regions for cancer and Alzheimer's diseases.

Chief Financial Officer George Lenzi added that they were meeting the needs of their patients by providing access to care for all insurance classes at a quicker rate than Sutter.

Member Kropke asked whether the machinery being purchased would be refurbished or a new unit.

Chief Executive Officer Schmidt explained that they chose a new United Medical Imaging machine because of the speed, precision, and efficiency of the unit offered, reducing radiation by up to 30% when compared to older models.

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

Authority Action

Motion to approve Resolution No. HII-347 for Northern California PET Imaging Center in an amount not to exceed \$1,175,000, subject to the terms and conditions in the resolution.

MOTION: Member Kropke

SECOND: Member Hertzka

AYES:.....Members: Kropke, Hertzka, Manriquez, Oppenheim, Morton

NOES:.....NONE

ABSTAIN:.....NONE

RECUSE:.....NONE

MOTION APPROVED.

Item #9

Distressed Hospital Loan Program

Amendment to Resolution No. 2023-01 and Resolution No. 2023-02 (Action Item)

Staff Member Francis presented. Staff requested Authority approval of amendments to Resolution No. 2023-01 and Resolution No. 2023-02 for the Distressed Hospital Loan Program (DHLP). The resolutions were approved on May 25, 2023, to delegate authority to the executive director and deputy executive director to assist the Department of Health Care Access and Information (Department) in implementing the DHLP and to issue loans at the direction of the Department. Staff Member Francis reported that the proposed amendments would remove the restrictions on the previously approved total program funding of \$150,000,000, allowing the Authority to issue disbursements subject to available funding in the Program Fund.

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

Member Manriquez asked how loans for institutions going through bankruptcy proceedings would be handled.

Staff Member Francis explained that the courts must approve loan documents for hospitals in bankruptcy proceedings, and the hospital's board must approve acceptance of the loan.

Deputy Executive Director Smith explained that the loan documents for hospitals in bankruptcy proceedings were more technical, would contain specific provisions, and would require consultation with the Authority's legal counsel, the AGO and Orrick, Herrington, & Sutcliffe.

Chair Morton asked how many hospitals were in bankruptcy and if the amounts listed on the handout were initial amounts or total amounts of loans to be made.

Deputy Executive Director Smith explained that there were three hospitals in bankruptcy, and that the amounts were final but explained that Madera's funding was approved but subject to submission of an updated turnaround plan.

Member Manriquez expressed gratitude to CHFFA and the Department's staff for implementing the program and getting the funding to the hospitals.

Member Hertzka and Member Oppenheim agreed with Member Manriquez's comments.

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

Authority Action

Motion to approve the amendments to Resolution No. 2023-01 and Resolution No. 2023-02 for the Distressed Hospital Loan Program.

MOTION: Member Hertzka

SECOND: Member Manriquez

AYES:.....Members: Kropke, Hertzka, Manriquez, Oppenheim, Morton

NOES:.....NONE

ABSTAIN:.....NONE

RECUSE:.....NONE

MOTION APPROVED.

Items #10 and #11

Public Comment and Adjournment

Chair Morton asked for public comment. Hearing none, the meeting adjourned at 2:06 P.M.