

MINUTES

CALIFORNIA HEALTH FACILITIES FINANCING AUTHORITY (AUTHORITY)

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

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

October 26, 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**

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 Cherry, M.D.
Robert Hertzka, M.D.
Katrina Kalvoda
Keri Kropke, M.A., M.A., CCC-SLP

Members Absent: Antonio Benjamin
Francisco Silva

Staff Present: Carolyn Aboubechara, Executive Director
Bianca Smith, Deputy Executive Director
Kylie Stasko, Associate Governmental Program Analyst
Careen Prince, Staff Services Analyst

Chair Morton declared a quorum present.

Item #2 Approval of the Minutes from the September 28, 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 September 28, 2023 Authority meeting.

MOTION: Member Manriquez SECOND: Member Kropke

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

NOES:.....NONE

ABSTAIN:.....NONE

RECUSE:.....NONE

MOTION APPROVED.

Authority Action

Motion to approve the minutes from the September 28, 2023 Authority meeting.

MOTION: Member Manriquez

SECOND: Member Kropke

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

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. Executive Director Aboubechara reported that in September 2016, the Authority issued the Series 2016B bonds (the Bonds) totaling \$65,000,000 for Memorial Health Services (Memorial). In September 2023, Memorial submitted a request to defease the Bonds. Executive Director Aboubechara reported that, after consultation with legal counsel and the Attorney General's Office, the Certificate and Request Regarding Purchase of Mandatory Tender and Discharge of Series 2016B Bonds and Bond Indenture was executed on October 2, 2023.

Contract Delegation of Powers Update

Executive Director Aboubechara presented. Executive Director Aboubechara reported on an executed Interagency Agreement (Agreement) with the Department of Healthcare Access and Information (the Department) in an amount not to exceed \$3,050,821. The Agreement allows the Authority to assist the Department with the implementation of the Distressed Hospital Loan Program from June 13, 2023, through June 30, 2026.

Executive Director Aboubechara also reported on an amendment to an existing contract with Orrick, Herrington & Sutcliffe, LLP (Orrick) to add an additional \$75,000 in funds and to allow the Authority to utilize Orrick's services for the Distressed Hospital Loan Program.

Legislative Update

Executive Director Aboubechara presented. Executive Director Aboubechara reported on Assembly Bill 839 (AB839), which altered the definition of a health facility in the California Health Facilities Financing Authority (CHFFA) Act as it relates to Residential Care Facilities for the Elderly (RCFEs). Prior to the passing of AB839, RCFEs could only qualify as a health facility when operated in conjunction with a skilled nursing facility, a hospital, or an intermediate care facility. Executive Director Aboubechara reported that standalone RCFEs would qualify as health facilities under the CHFFA Act as of January 1, 2024.

Distressed Hospital Loan Program Update

Executive Director Aboubechara presented. Executive Director Aboubechara reported that the Authority received the second tranche of \$150,000,000 for the Distressed Hospital Loan Program. The Authority sent approval letters and loan and security agreements to all borrowers except for Madera Community Hospital, which had not submitted a turnaround plan as well as other required information. Executive Director Aboubechara also reported the Authority was working with legal counsel and negotiating with hospitals on securing collateral for the

program, which would be 20% of a hospital's Medi-Cal reimbursements. Executive Director Aboubechara reported a disbursement to El Centro Regional Medical Center in the amount of \$2,900,000 and that it had also approved disbursements for two additional hospitals, totaling over \$30,000,000.

Specialty Dental Clinic Grant Program Update

Executive Director Aboubechara presented. Executive Director Aboubechara reported that the first funding round for the Specialty Dental Clinic Grant Program (the Program) had opened on October 2, 2023 with a deadline of April 1, 2024. Executive Director Aboubechara reported the development of a Frequently Asked Questions document for prospective grantees and commented that more questions were being received every day. On October 23, 2023, the Authority hosted a technical assistance webinar during which interested parties received guidance and answers to their questions regarding the Program application process.

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

Executive Director Aboubechara presented. Executive Director Aboubechara reported that in April 2021, the County of Humboldt (the County) received a grant for almost \$200,000 to fund a mobile crisis support team with the purchase of a vehicle and hiring of new staff. The County's program became open and operational in August 2023 and as of the meeting had received 19 referrals for children in mental health crises, of which two were tribal youth.

Other Items

Executive Director Aboubechara reported the hiring of two new staff members for the Children's Hospital Grant Program, Leily Ghods and Adam Freudenberg.

Member Manriquez asked about the timing of disbursements for the Distressed Hospital Loan Program.

Executive Director Aboubechara explained that disbursement of funds was dependent upon receipt of documents from hospitals, but all funds were expected to be disbursed by the end of the year except for Madera Community Hospital.

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

Item #4 On Lok Senior Health Services, San Francisco, San Francisco County Bond Financing Program Supplement and Amendment to Resolution No. 442 (Action Item)

Staff Member Prince presented. Staff Member Prince reported that On Lok Senior Health Services (On Lok) was seeking a supplement and amendment to Resolution No. 442 to include additional project sites to the authorized project list. The amendment would allow On Lok to utilize approximately \$15,500,000 in unspent Series 2020 tax-exempt bond funds.

Attendees: Mayling Leong, of Counsel, Orrick, Herrington, & Sutcliffe LLP. (via teleconference) Carl Gerlach, Chief Financial Officer, On Lok Senior Health Services.

Chief Financial Officer Gerlach explained the reasoning behind the request, which included the COVID-19 pandemic, high management and staff turnover, as well as new competitors that sought to enter the same market as On Lok.

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

Authority Action

Motion to approve a supplement and amendment to Resolution No. 442 for On Lok Senior Health Services, subject to the terms and conditions in the resolution.

MOTION: Member Cherry

SECOND: Member Kalvoda

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

NOES:.....NONE

ABSTAIN:.....NONE

RECUSE:.....NONE

MOTION APPROVED.

Item #5

Resolution No. MH 2014-06

**Investment in Mental Health Wellness Grant Program, Los Angeles County
Quarterly Update (Information Item)**

Staff Member Stasko presented. Staff Member Stasko reported that the Authority approved a reinstatement and amendment to Resolution No. MH 2014-06 for the County of Los Angeles (County) under the Investment in Mental Health Wellness Grant Program for approximately \$40,900,000 to create crisis residential treatment programs, to expand a crisis stabilization unit, to establish mobile support teams, and to hire one clerical staff. Staff Member Stasko reported the Authority required the County to provide quarterly updates detailing milestones achieved, progress and challenges related to the completion of the projects.

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

Deputy Director Yanagimoto-Pinedo thanked the Authority and provided the quarterly update. Deputy Director Yanagimoto-Pinedo reported that one of the crisis residential treatment programs was scheduled to open on October 30, 2023, and another one would open shortly thereafter. Deputy Director Yanagimoto-Pinedo reported staffing was still a challenge but noted that the Los Angeles County Workforce Commissioner was working with providers to fill staffing vacancies. Deputy Director Yanagimoto-Pinedo reported that two of their crisis residential treatment programs had signed provider contracts as of September 1, 2023, and were not facing staffing challenges due to the hiring of recruiters for each building. One final location was waiting on approval of a solicitation, which was expected to be signed on October 31, 2023.

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

Items #6 and #7

Public Comment and Adjournment

Chair Morton asked for public comment. Hearing none, the meeting adjourned at 1:51 P.M.