

MINUTES

CALIFORNIA HEALTH FACILITIES FINANCING AUTHORITY (CHFFA or Authority)

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

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

December 7, 2023, 1:50 P.M.

OPEN SESSION

Deputy Treasurer Patrick Henning, Chair, called the meeting to order at 1:50 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
Chris Ferguson for Joe Stephenshaw, Director of Finance
Antonio Benjamin
Robert Hertzka, M.D.
Keri Kropke, M.A., M.A., CCC-SLP

Members Absent: Robert Cherry, M.D.
Francisco Silva
Katrina Kalvoda

Staff Present: Carolyn Aboubechara, Executive Director
Bianca Smith, Deputy Executive Director
Sondra Jacobs, Staff Services Manager I
Rana Mayers, Associate Governmental Program Analyst
Tyler Bui, Associate Governmental Program Analyst
Ciprian Ungureanu, Associate Governmental Program Analyst
Chris Healy, Associate Governmental Program Analyst

Chair Henning kept roll open for Member Kropke, who had technical issues. Chair Henning declared a quorum present.

Item #2 Approval of the Minutes from the October 26, 2023 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 October 26, 2023 Authority meeting.

MOTION: Member Oppenheim SECOND: Member Ferguson

AYES:.....Members: Hertzka, Benjamin, Ferguson, Oppenheim, Henning

NOES:.....NONE

ABSTAIN:.....NONE

RECUSE:.....NONE

Member Kropke had technical issues during this item, and therefore, was absent, and did not participate in the vote. Nonetheless, a quorum vote was obtained.

MOTION APPROVED.

Item #3 Executive Director’s Report (Information Item)

Investment in Mental Health Wellness Grant Program for Children and Youth (CY Grant Program) Delegation of Powers Update

Executive Director Aboubechara presented. Executive Director Aboubechara reported that in 2022, County of Kings (County) was approved for a grant of \$227,365.00 to establish a Mobile Crisis Support Team. In October 2023, the Executive Director approved, under delegated authority, the County’s request to extend the milestone condition deadline of being open and operational by 60 days. Executive Director Aboubechara reported that the County’s mobile crisis support team became open and operational on December 1, 2023.

Community Services Infrastructure Grant Program Delegation of Powers Update

Executive Director Aboubechara presented. Executive Director Aboubechara reported that in 2019, County of San Joaquin (County) was approved for a \$2,500,000 grant, and in 2020, the County was approved for a second grant in the amount of \$2,900,000 to develop two jail diversion programs, one for adult males and one for adult females. In November 2023, the Executive Director, under delegated authority, approved the County’s request to extend the milestone condition deadline of being open and operational by 60 days.

Authority Tentative Meeting Schedule for Calendar Year 2024

Executive Director Aboubechara presented. Executive Director Aboubechara presented a tentative meeting schedule for 2024. If additional meetings need to be scheduled, the Authority would be informed ahead of time and would plan in accordance with the Bagley-Keene Act.

Distressed Hospital Loan Program Update

Executive Director Aboubechara presented. Executive Director Aboubechara reported that nine disbursements had been made to eight hospitals, totaling approximately \$136,000,000. The eight hospitals were Chinese Hospital, El Centro Regional Medical Center, Martin Luther King Jr. Community Hospital, Palo Verde Hospital, Pioneers Memorial Health Care District, Ridgecrest Regional Hospital, Tri City Medical Center, and Watsonville Community Hospital. There were still disbursements for eight hospitals remaining, and CHFFA staff would continue to work with the hospitals on finalizing subordination agreements and loan documents.

Chair Henning thanked staff, the Authority, Member Ferguson of the Department of Finance and the Department of Healthcare Access and Information for all the help with the distressed hospitals. Chair Henning stressed that these loans would go a long way to assist the hospitals in need of help.

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

Item #4 **Scripps Health (Scripps), San Diego, San Diego County**
Bond Financing Program
Resolution No. 454 (Action Item)

Staff Member Mayers presented. Staff Member Mayers reported that Scripps requested Authority approval to issue tax-exempt bonds in an amount not to exceed \$1,200,000,000. Bond proceeds would be used to finance and reimburse costs related to the acquisition, construction, expansion, remodeling, renovation, furnishing and equipping of Scripps facilities located in Encinitas, San Diego, and La Jolla to meet seismic safety standards and to construct new administrative offices. Additionally, bond proceeds would be used to refund existing debt.

Attendees: (via teleconference) Kenneth Ford, Corporate Vice President and Treasurer and Tim Jacoby, Corporate Vice President, Construction and Facilities, Scripps Health; John Renken, Managing Partner and Alexis Harrington, Partner, Hawkins, Delafield & Wood LLP; John Badwick, Executive Director, Morgan Stanley & Co. LLC; and David Gettemy, Executive Director, J.P. Morgan Securities LLC.

Corporate Vice President and Treasurer Ford thanked the Authority and gave an overview of the project.

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

Authority Action

Motion to approve Resolution No. 454 in an amount not to exceed \$1,200,000,000 for Scripps Health for the Bond Financing Program, subject to the terms and conditions in the resolution.

MOTION: Member Ferguson SECOND: Member Hertzka

AYES:.....Members: Kropke, Hertzka, Ferguson, Oppenheim, Henning

NOES:.....NONE

ABSTAIN:.....NONE

RECUSE:.....NONE

Member Benjamin stepped away from the meeting during this item, and therefore, was absent, and did not participate in the vote. Nonetheless, a quorum vote was obtained.

MOTION APPROVED.

Chair Henning asked staff to re-open the roll call item for Member Kropke. Member Kropke confirmed attendance and the roll call item was closed.

**Item #5 Episcopal Communities & Services (ECS), Altadena, Los Angeles County
Bond Financing Program
Resolution No. 455 (Action Item)**

Staff Member Bui presented. Staff Member Bui reported that this transaction would be the first one under Assembly Bill 839, which was chaptered into law on October 10, 2023 with an effective date of January 1, 2024, and added stand-alone residential care facilities for the elderly as an eligible health facility. Staff Member Bui reported that ECS requested Authority approval to issue tax-exempt bonds in an amount not to exceed \$128,040,000. Bond proceeds would be used for the expansion, construction, remodeling, renovation, furnishing and equipping of ECS’s MonteCedro, The Canterbury, and the Covington campuses, and to fund capitalized interest. Bond proceeds would also be used to pay certain costs of issuance.

Attendees: Jenna Magan (in person), Partner and Mayling Leong (via teleconference), Of Counsel, Orrick, Herrington & Sutcliffe LLP; (via teleconference) Charlie Rahilly, Chief Financial Officer and Senior Vice President of Finance, Episcopal Communities & Services; Katherine Kirchhoff, Managing Director and Joanna Stephenson, Director, Cain Brothers, a division of KeyBanc Capital Markets Inc.

Chief Financial Officer and Senior Vice President of Finance Rahilly thanked the Authority and gave an overview of ECS and the projects.

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

Authority Action

Motion to approve Resolution No. 455 in an amount not to exceed \$128,040,000 for Episcopal Communities & Services for the Bond Financing Program, subject to the terms and conditions in the resolution.

MOTION: Member Ferguson SECOND: Member Oppenheim

AYES:.....Members: Kropke, Hertzka, Benjamin, Ferguson, Oppenheim, Henning

NOES:.....NONE

ABSTAIN:.....NONE

RECUSE:.....NONE

MOTION APPROVED.

**Item #6 On Lok Senior Health Services, San Francisco, San Francisco County
Bond Financing Program
Resolution No. 456 (Action Item)**

Executive Director Aboubechara reported that Item #6 was removed from the agenda and was expected to be heard at the January 2024 meeting.

**Item #7 Adventist Health System/West (Adventist), Roseville, Placer County
Bond Financing Program
Resolution No. 457 (Action Item)**

Staff Member Mayers presented. Staff Member Mayers reported that Adventist requested Authority approval to issue tax-exempt bonds in an amount not to exceed \$78,000,000. Bond proceeds would be used to refund the CHFFA 2011 Series A bonds. The refunding would allow Adventist to lock in current rates, which would result in a net present value savings of approximately \$256,000 over the life of the bonds.

Attendees: Jenna Magan (in person), Partner, Orrick, Herrington & Sutcliffe LLP; John Beaman, Chief Financial Officer, Adventist Health System/West; and Steve Kim, Director, Barclays Capital Inc.

Chief Financial Officer Beaman thanked the Authority and gave an overview of the project.

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

Authority Action

Motion to approve Resolution No. 457 in an amount not to exceed \$78,000,000 for Adventist Health System/West for the Bond Financing Program, subject to the terms and conditions in the resolution.

MOTION: Member Ferguson SECOND: Member Henning

AYES:.....Members: Kropke, Hertzka, Benjamin, Ferguson, Oppenheim, Henning

NOES:.....NONE

ABSTAIN:.....NONE

RECUSE:.....NONE

MOTION APPROVED.

**Item #8 Willie Young’s Home for Young Men, Inc. DBA Walt’s Home for Young Men
(Walt’s Home), North Hills, Los Angeles County
Healthcare Expansion Loan Program II (HELP II)
Resolution No. HII-348 (Action Item)**

Staff Member Bui presented. Staff Member Bui reported that Walt’s Home requested Authority approval of a HELP II loan in an amount not to exceed \$522,500. Loan proceeds would be used to finance the purchase of a property located in Kern County to be used for the relocation of one of Walt’s Home’s current short-term residential therapeutic program and mental health facilities.

Attendees: (via teleconference) Samuel Campbell, Director; Millicent Pitts, Head of Service - Mental Health and Ivan Colon, Accountant and Consultant, Willie Young’s Home for Young Men, Inc.

Director Campbell thanked the Authority and provided an overview of the facility and the project. Head of Service - Mental Health Pitts thanked the Authority and gave an overview of the mental health benefits that would be added to the facility due to this project.

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

Authority Action

Motion to approve Resolution No. HII-348 in an amount not to exceed \$522,500 for Willie Young’s Home for Young Men, Inc. DBA Walt’s Home for Young Men for the Healthcare Expansion Loan Program II, subject to the terms and conditions in the resolution.

MOTION: Member Kropke SECOND: Member Benjamin

AYES:.....Members: Kropke, Hertzka, Benjamin, Ferguson, Oppenheim, Henning

NOES:.....NONE

ABSTAIN:.....NONE

RECUSE:.....NONE

MOTION APPROVED.

**Item #9 Children’s Hospital of Orange County (CHOC), Orange, Orange County
Children’s Hospital Program of 2018
Resolution No. CHP-4 2023-05 (Action Item)**

Staff Member Ungureanu presented. Staff Member Ungureanu reported that Children’s Hospital of Orange County requested Authority approval of a Children’s Hospital Program of 2018 grant in an amount not to exceed \$135,000,000 to reimburse and fund the pediatric portion of constructing a new nine-story 333,000-square foot medical office building known as the Southwest Tower (SWT). The pediatric subspecialty care services that would relocate and expand services in the new SWT included, but were not limited to, dentistry, orthodontics, craniofacial services, a cancer center, pulmonology, endocrinology, orthopedics, and orthopedic imaging. Staff Member Ungureanu reported that CHOC started construction on the SWT in October 2020 and anticipated that the project would be completed by September 2025.

Attendees: (via teleconference) William Rohde, Vice President of Finance; Beth Goodman, Executive Director, Strategy Activation and Change Management; and David Schinderle, Treasurer, Children’s Hospital of Orange County.

Vice President Rohde thanked the Authority and the citizens of California for voting for Proposition 4. Vice President Rohde then gave a brief overview of the project, including how the new SWT would increase CHOC’s capacity to care for patients seeking subspecialty care services at CHOC.

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

Authority Action

Motion to approve Resolution No. CHP-4 2023-05 in an amount not to exceed \$135,000,000 for Children’s Hospital of Orange County for the Children’s Hospital Program of 2018 (Proposition 4), subject to the terms and conditions in the resolution.

MOTION: Member Hertzka SECOND: Member Kropke

AYES:.....Members: Kropke, Hertzka, Benjamin, Ferguson, Oppenheim, Henning

NOES:.....NONE

ABSTAIN:.....NONE

RECUSE:.....NONE

MOTION APPROVED.

**Item #10 Children’s Hospital Los Angeles, Los Angeles, Los Angeles County (CHLA)
Children’s Hospital Program of 2018
Resolution No. CHP-4 2023-06 (Action Item)**

Staff Member Ungureanu presented. Staff Member Ungureanu reported that Children’s Hospital Los Angeles requested Authority approval of a Children’s Hospital Program of 2018 grant in an amount not to exceed \$44,937,853 to fund the renovation, equipping, and furnishing of an existing space in CHLA’s Radiology department, located on the first floor of the Duque Building, to expand its Post Anesthesia Care Unit (PACU), and to relocate and expand its Positron Emission Tomography and Computed Tomography (PET/CT), Nuclear Medicine (NM), and Magnetic Resonance Imaging (MRI) departments. The pediatric patient care equipment for this project included, but was not limited to, one PET/CT machine, two NM gamma cameras, and one 3T MRI machine. The portion of the radiology expansion project that included the PACU renovation and the PET/CT and NM department relocation, equipping, and

beds and ensure that they were being compliant for clients with disabilities. This Program would also be available for clients from neighboring counties of Del Norte and Trinity as well as neighboring indigenous tribes. The County anticipated the three new CRT beds would serve approximately 108 clients annually.

County of Kern – Resolution No. CY 2023-02

Staff recommended a grant award in the amount of \$1,926,998.95 for the County of Kern (County), Behavioral Health and Recovery Services, to develop two new four-bed Crisis Residential Treatment (CRT) programs through the purchase of two homes that would serve children and youth ages eight to seventeen. The County anticipated the CRT programs would serve approximately 330 clients annually.

County of Los Angeles – Resolution No. CY 2023-03

Staff recommended a grant award in the amount of \$3,970,442.53 for the County of Los Angeles (County), Department of Health Services, to expand its existing Crisis Stabilization (CS) programs by adding a total of fifteen new beds for children and youth ages three to twelve. The expansion would include the renovation of a County-owned facility to develop a new nine-bed CS program at the High Desert Restorative Care Village and by renovating two existing facilities for the addition of three beds to each of its existing six-bed programs located at the Olive View-UCLA Medical Center Campus and the Martin Luther King, Jr. Healthcare Campus. The County anticipated that the programs would serve approximately 9,855 clients annually.

County of San Benito – Resolution No. CY 2023-04

Staff recommended a grant award in the amount of \$539,477 for the County of San Benito (County), Behavioral Health, to expand its community-based services by adding four new Mobile Crisis Support Teams through the purchase of four new vehicles and hiring two full-time equivalent licensed clinicians. The County anticipated the teams would serve approximately 250 clients.

County of Santa Cruz – Resolution No. CY 2023-05

Staff recommended a grant award in the amount of \$2,125,000.00 for the County of Santa Cruz (County), Behavioral Health Division, to renovate an existing County-owned facility to add a new eight-bed Crisis Stabilization (CS) program for children and youth ages five to seventeen. The CS program would also be available to clients from neighboring counties of Monterey and San Benito. The County anticipated the program would serve approximately 1,500 clients annually.

Staff member Jacobs stated that if the Authority approved the recommended fifth funding round final allocations, no funding would remain in the Children and Youth Program for subsequent funding rounds.

Chair Henning asked if there were any questions or public comments and thanked the County of Humboldt for going through the process and including services to the indigenous tribes as well as some of the neighboring counties.

Member Oppenheim thanked staff for their work specifically for Exhibit B-1, the map of California and expressed his concern with the lack of service in the northeast region of the state.

