

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

January 25, 2024, 1:30 P.M.

OPEN SESSION

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

SB 544 changed the Bagley-Keene Act effective January 1, 2024 to require a quorum of the Board to appear together in a physical location.

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
Michelle Perrault for Joe Stephenshaw, Director of Finance
Francisco Silva
Robert Cherry, M.D.
Robert Hertzka, M.D.

Members Absent: Antonio Benjamin
Katrina Kalvoda
Keri Kropke, M.A., M.A., CCC-SLP

Staff Present: Carolyn Aboubechara, Executive Director
Bianca Smith, Deputy Executive Director
Sondra Jacobs, Staff Services Manager I
Tyler Bui, Associate Governmental Program Analyst
Eman Hariri, Associate Governmental Program Analyst
Stephanie Heiner, Associate Governmental Program Analyst
Careen Prince, Staff Services Analyst

Chair Morton reminded virtual attendees to mute their microphones until their respective turn to speak and requested all attendees to state their names for the record.

Item #2 Approval of the Minutes from the December 7, 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 December 7, 2023 Authority meeting.

MOTION: Member Cherry SECOND: Member Hertzka

AYES:.....Members: Hertzka, Cherry, Silva, Oppenheim, Morton

NOES:.....NONE

ABSTAIN:.....Member Perrault

RECUSE:.....NONE

MOTION APPROVED.

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

Bond Financing Delegation of Powers Update

Executive Director Aboubechara reported that in August 2022, the Authority issued two bonds totaling approximately \$103.4 million for Children’s Hospital Los Angeles (CHLA). In December 2023, CHLA requested the Authority amend the bond indenture to allow any funds remaining in the Cost of Issuance Fund to be transferred to CHLA to be used for purposes consistent with the Tax Certificate. Executive Director Aboubechara reported that, after consultation with legal counsel and the Attorney General’s Office (AGO), the First Amendment to the Bond Indenture for each bond was executed on December 27, 2023.

Executive Director Aboubechara reported that in June 2008, the Authority issued two bonds totaling approximately \$168.2 million for Stanford Healthcare (SHC). In November 2023, SHC notified the Authority of its intent to change the Bond Trustee and Dissemination Agent and requested the Authority execute a tri-party agreement to appoint U.S. Bank Trust Company as the Successor Bond Trustee and Dissemination Agent and to sign a replacement Letter of Representation for each bond. Executive Director Aboubechara reported that, after consultation with legal counsel and the AGO, the tri-party agreement was executed on December 8, 2023, and the two replacement Letters of Representation were executed on January 8, 2024.

Loan Financing Delegation of Powers Update

Executive Director Aboubechara reported that in June 2023, the Authority approved a \$2 million Healthcare Expansion Loan Program II (HELP II) loan for Chinatown Service Center (CSC) to finance the purchase of a property. In July 2023, CSC notified the Authority of its intent to enter into a grant agreement with the Los Angeles County Development Authority (LACDA) and requested consent for an additional lien on the property that secured the Authority’s loan. CSC also requested the Authority to subordinate its first lien position to LACDA as a requirement of the grant agreement. Executive Director Aboubechara reported that, after consultation with legal counsel, the Subordination Agreement was executed on December 26, 2023.

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

Executive Director Aboubechara reported that in 2021 the Authority approved a CY Grant Program grant for Contra Costa County (County) totaling approximately \$2.3 million to add six (6) new beds to create a new Crisis Stabilization Unit (CSU). In November 2023, the County requested a 60-day milestone extension for the CSU to become open and operational. The County confirmed that as of November 2023 construction was almost complete and most of the staff was hired. However, the County experienced delays in the furniture installation and in the installation of a door necessary to complete the required fire inspection for licensing. At that time, the County expected these items to be done by mid-January and subsequently by the end of the month. Executive Director Aboubechara noted that the County has until February 29, 2024 to become open and operational, and Authority staff would bring this matter back to the Authority for another extension, if needed. Executive Director Aboubechara executed the 60-day extension under delegated authority in December 2023.

CY Grant Program Delegation of Powers Update - Kings County

Executive Director Aboubechara reported the Kings County Mobile Crisis Support Team (MCST) became open and operational in December 2023. In February 2022, the Authority approved a grant for Kings County totaling approximately \$230,000 to purchase a vehicle and hire staff for its MCST to respond to referrals of children and youth that were experiencing psychiatric crises from schools, child welfare services and the children's Mental Health Plan Clinic. In October 2023, the Authority granted Kings County a 60-day extension to become open and operational by December 30, 2023. Executive Director Aboubechara reported that Kings County met the December 30, 2023 deadline, had begun to see clients, and planned to ramp up marketing of the program to schools.

Contracts Delegation of Powers Update

Executive Director Aboubechara reported the Authority entered into a \$300,000 contract with the State Treasurer's Office, Public Finance Division for three years. The Public Finance Division acts as the agent for sale on all the bonds issued through the Authority. Executive Director Aboubechara executed this contract under delegated authority in December 2023.

Distressed Hospital Loan Program Update

Executive Director Aboubechara reported that 17 hospitals were approved for loans, and one hospital forfeited its loan. Of the remaining 16 hospitals, 12 received full disbursements totaling approximately \$201.6 million. Executive Director Aboubechara reported that four hospitals remain to receive their loans, two of which are in bankruptcy proceedings, and staff would continue to work on finalizing subordination agreements and loan documents with the other two hospitals.

Specialty Dental Clinic Grant Program Update

Executive Director Aboubechara reported the Specialty Dental Clinic Grant Program (Program) received a \$50 million allocation over two budget cycles. With the release of the Governor's proposed budget on January 10th, the budget proposed delaying funding until the 25/26 fiscal year. The Authority decided to put the Program on hold and staff would notify all stakeholders of this development.

Legislative Reports Update

Executive Director Aboubechara reported that the Authority had prepared legislative reports for the Children’s Hospital Programs of 2004, 2008 and 2018, the Investment in Mental Health Wellness Grant Program, and the Investment in Mental Health Wellness Grant Program for Children and Youth, all of which were published on the Authority’s website.

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

Item #4 **On Lok Senior Health Services (On Lok),
San Francisco, San Francisco County
Bond Financing Program
Resolution No. 456 (Action Item)**

Staff Member Prince reported that On Lok requested the Authority issue tax-exempt bonds in a principal amount not to exceed \$80,000,000. Bond proceeds would be used to finance the costs of renovating four of On Lok’s Program of All-Inclusive Care for the Elderly (PACE) centers.

Attendees: Mayling Leong (in person), of Counsel, Orrick, Herrington & Sutcliffe LLP; (via teleconference) Carl Gerlach, Chief Financial Officer, On Lok Senior Health Services; Kathy Kirchhoff, Managing Director and Joanna Stephenson, Director, Cain Brothers, a division of KeyBanc Capital Markets, Inc.

Chief Financial Officer Gerlach thanked the Authority and gave an overview of On Lok and the PACE projects.

Member Oppenheim mentioned that State Controller Cohen was very familiar with the PACE Program. Member Oppenheim praised On Lok for its service delivery.

Member Silva voiced support for the project and commented on the importance of PACE with On Lok being the pioneer in California, serving an aging population with diverse needs.

Member Cherry expressed support for the project. Member Cherry asked a question regarding the substantial increase in Medi-Care and Medi-Cal premiums from 2022 to 2023.

Chief Financial Officer Gerlach indicated the increase in premiums was due to the growth in the number of patients enrolled and consistent annual Medi-Cal rate increases.

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

Authority Action

Motion to approve Resolution No. 456 in an amount not to exceed \$80,000,000 for On Lok for the Bond Financing Program, subject to the terms and conditions in the resolution.

MOTION: Member Oppenheim SECOND: Member Silva

AYES:.....Members: Hertzka, Cherry, Silva, Perrault, Oppenheim, Morton

NOES:.....NONE

ABSTAIN:.....NONE

RECUSE:.....NONE

MOTION APPROVED.

Item #5

**Horizon Services, Incorporated (Horizon),
Hayward, Alameda County
HELP II**

Resolution No. HII-349 (Action Item)

Staff Member Prince reported that Horizon requested approval of a HELP II loan in an amount not to exceed \$2,000,000. Loan proceeds would be used to demolish two existing buildings and construct a 20,000 square foot, four-story, 103-bed behavioral addiction treatment facility.

Attendees: (via teleconference) Jaime Campos, Chief Executive Officer and Lusine Ghevondyan, Chief Financial Officer, Horizon Services, Incorporated.

Chief Executive Officer Campos thanked the Authority and provided an overview of the project. Chief Executive Officer Campos noted that the Authority loan funds would match funding tied to the State Behavioral Health Continuum Infrastructure Grant Project.

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

Authority Action

Motion to approve Resolution No. HII-349 in an amount not to exceed \$2,000,000 for Horizon for the HELP II Loan Financing Program, subject to the terms and conditions in the resolution.

MOTION: Member Hertzka SECOND: Member Perrault

AYES:.....Members: Hertzka, Cherry, Silva, Perrault, Oppenheim, Morton

NOES:.....NONE

ABSTAIN:.....NONE

RECUSE:.....NONE

MOTION APPROVED.

Item #6

**Humanistic Foundation, Incorporated (Humanistic),
Los Angeles, Los Angeles County
HELP II**

Resolution No. HII-350 (Action Item)

Staff Member Bui reported that Humanistic requested approval of a HELP II loan in an amount not to exceed \$1,200,000. Proceeds would be used to be purchase a property located in Los Angeles County to expand Humanistic’s short-term residential therapeutic program and mental health services by adding six beds.

Attendees: (via teleconference) Sueretta Small, Assistant Executive Director; Khalil Small, Development Director; and Ivan Colon, Consultant, Humanistic Foundation, Incorporated.

Development Director Small gave an overview of the project.

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

Authority Action

Motion to approve Resolution No. HII-350 in an amount not to exceed \$1,200,000 for Humanistic for a HELP II loan, subject to the terms and conditions in the resolution.

MOTION: Member Perrault SECOND: Member Hertzka

AYES:.....Members: Hertzka, Cherry, Silva, Perrault, Oppenheim, Morton
NOES:.....NONE
ABSTAIN:.....NONE
RECUSE:.....NONE

MOTION APPROVED.

Item #7

County of Sacramento
CY Program (Second Funding Round)
First Amendment to Resolution No. CY 2021-05 (Action Item)

Staff Member Hariri reported that the County of Sacramento (County) requested that the Authority approve an amendment to resolution number CY 2021-05 to amend the milestone conditions and extend the grant period and resolution expiration dates. Staff member Hariri reported that the County would not be able to meet the condition of being open and operational by January 31, 2024 and of submitting all disbursement documentation by July 31, 2024. The County contracted with a service provider in November 2022 and gave it the responsibility of locating a property for the family respite care program. The service provider identified a property and submitted building designs for new construction with an initial cost estimate of \$7,500,000, which surpassed the grant award. Thus, the County and service provider decided to build a 2,500 square foot extension at a different facility owned by the service provider to house the family respite care program.

Attendees: (via teleconference) Rhapsody Flores, Human Services Program Planner and Melissa Planas, Mental Health Program Coordinator, County of Sacramento, Department of Health Services, Behavioral Health Services; Jeff Wilkinson, Chief Executive Officer and Todd Palumbo, Chief Operating Officer, HeartLand Child and Family Services.

Program Planner Flores provided an overview of the extension request, including rising industry costs and service provider staffing levels.

Chair Morton expressed appreciation for the continued diligence to move forward with the project and the need to expand services.

Member Oppenheim inquired why the County and service provider did not change direction sooner given the grant allocation limit.

Chief Executive Officer Wilkinson explained that the concept of the building occurred prior to the COVID-19 pandemic, and he had received rough estimates of around \$300 per square foot from various contractors and architects. Chief Executive Officer Wilkinson then stated that by the time the design plan was completed, the cost had increased to approximately \$900 per square foot.

Member Oppenheim appreciated the explanation and reiterated support for the program.

Member Cherry asked if the service provider was confident that the new project would meet the proposed budget, and Chief Executive Officer Wilkinson confirmed that he expected the project to stay within budget.

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

Authority Action

Motion to approve the First Amendment to Resolution No. CY 2021-05 to amend milestone conditions of being open and operational to December 31, 2025 and submitting all disbursement documentations to January 31, 2026 and to extend grant period and resolution expiration dates to June 30, 2026.

MOTION: Member Oppenheim SECOND: Member Cherry

AYES:.....Members: Hertzka, Cherry, Silva, Perrault, Oppenheim, Morton
NOES:.....NONE
ABSTAIN:.....NONE
RECUSE:.....NONE

MOTION APPROVED.

Item #8

**County of Fresno
CY Program (Fourth Funding Round)
First Amendment to Resolution No. CY 2022-06 (Action Item)**

Staff Member Heiner reported that the County of Fresno (County) had requested the Authority approve an amendment to Resolution No. CY 2022-06, to amend its milestone conditions, and to extend the grant period expiration date for their Mobile Crisis Support Team (MCST) project. Staff member Heiner reported that County would not be able to meet the milestone condition deadlines of being open and operational by January 31, 2024, nor would it be able to submit all disbursement documentation by April 30, 2024, due to prolonged discussions with the Authority to validate compliance with the County's vehicle ownership approach and needing to allocate staffing resources to finalize the implementation plan for the Medi-Cal Mobile Crisis Services Benefit, as mandated by the Department of Health Care Services. The County expected its Board of Supervisors to approve the service provider contract in March 2024, the service provider to purchase the MCST vehicles by May 2024, and that the MCST would begin providing services by August 2024.

Attendees: (via teleconference) Emma Rasmussen, DHA, LCSW, Deputy Director and Earliana Vang, Senior Staff Analyst, County of Fresno Department of Behavioral Health.

Dr. Rasmussen described the project and expressed the County’s desire to expand their current school-based mobile crisis program.

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

Authority Action

Motion to approve the First Amendment to Resolution No. CY 2022-06 to amend the milestone conditions of being open and operational to August 31, 2024 and submitting all disbursement documentation to November 30, 2024, and extend the grant period expiration date to April 30, 2025.

MOTION: Member Silva SECOND: Member Hertzka

AYES:.....Members: Hertzka, Cherry, Silva, Perrault, Oppenheim, Morton
NOES:.....NONE
ABSTAIN:.....NONE
RECUSE:.....NONE

MOTION APPROVED.

Item #9

County of San Joaquin
Community Services Infrastructure Grant Program (CSI Grant Program)
(First and Second Funding Rounds)
Resolution No. CSI 2019-04B and Resolution No. CSI 2020-07B (Action Item)

Staff Member Hariri reported that Authority staff requested the Authority set a cure period ending on May 31, 2024 for Resolution No. CSI 2019-04 (first funding round) and Resolution No. CSI 2020-07 (second funding round) for the County of San Joaquin (County) to cure an event of default. Staff member Hariri reported that on July 25, 2019, the Authority approved Resolution No. CSI 2019-07, awarding the County CSI grant funds in an amount not to exceed \$2,500,000 to establish a new 16-bed residential facility for justice-involved male adults, ages 18 and over. Subsequently, on March 26, 2020, the Authority approved Resolution No. CSI 2020-07, awarding the County CSI grant funds in an amount not to exceed \$2,930,186 to establish a new 16-bed residential facility for justice-involved female adults, ages 18 and over. Both CSI projects were located on the same county-owned site with similar project scopes. On October 31, 2023, Executive Director Aboubechara approved a 60-day extension request to extend the County's open and operational date from October 31, 2023 to December 30, 2023. However, the County was unable to meet its milestone condition deadline to be open and operational by December 30, 2023 due to delays in obtaining community care licensing (CCL) approval. Staff Member Hariri noted that due to the missed open and operational deadline, the County was currently in default of its grant agreement, and if the County was unable to be open and operational by the end of the cure period, the grant would be cancelled.

Attendees: (via teleconference) Cara Dunn, Senior Deputy Director, County of San Joaquin Behavioral Health Services.

Senior Deputy Director Dunn thanked the Board for its patience as the County works to complete the project. Senior Deputy Director Dunn shared that the Community Care Licensing Division scheduled an inspection for Friday, January 26, and explained that the cure period would allow time to address and remedy any issues identified during CCL inspection.

Member Silva inquired about the turnaround time from the date of the inspection to notification of any issues that need to be addressed.

Senior Deputy Director Dunn expected to see the results the same day of the inspection but depending on the analyst that conducts the inspection it could take up to a week.

Member Silva remarked that the County had done everything it could and expressed the importance to provide flexibility in support of the cure period.

Member Oppenheim mentioned that the need for services was especially great in San Joaquin County but mentioned the Authority's fiduciary responsibility to preserve compliance with the grant agreement. Member Oppenheim asked that Executive Director Aboubechara inform the Authority of any additional interim actions that the County may need to take to ensure success of the program.

consolidate the total awarded CSI grant funding of \$8,000,000 for the purpose of acquiring a single property, such as a hotel or motel, rather than proceeding with the original plan to purchase four individual residential properties. This adjustment would allow the County to maintain the combined approved 26-bed count total and mitigate community opposition.

Staff Member Heiner stated the intent to present the final recommendation as an action item at a future Authority meeting after collaborating with the County to gather necessary information for subsequent procedural steps. Authority staff sought preliminary thoughts and direction from the Authority on the County's proposed changes to the CSI projects.

Attendees: (via teleconference) Rebeca Lemus-Mendez, Division Manager, and Gabby Oliverez, M.A., MBA, Division Director, County of Santa Clara Forensic, Diversion & Reintegration Division.

Division Director Oliverez thanked the Authority and staff for their support of the project and provided additional information regarding the County's attempt to locate properties.

Chair Morton inquired if the County was confident in being able to procure a hotel or motel given the proposed grant award consolidation.

Division Director Oliverez mentioned that the County had identified three possible properties for purchase and all had been appraised.

Member Oppenheim inquired if having a single point of service such as a hotel, motel, or some other type of property would impact the access to services provided by the County.

Division Director Oliverez responded that the new strategy would not cause access problems.

Member Cherry inquired whether major renovations were needed at any of the sites the County was looking to acquire and whether those costs were being considered in the budget.

Division Director Oliverez mentioned that it did not appear any of the properties needed major repairs, but an on-site visit would be needed to confirm this.

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

Item #11

County of Los Angeles Investment in Mental Health Wellness Grant Program (First Funding Round) Resolution No. MH 2014-06, Quarterly Update (Information Item)

Staff Member Hariri reported that the Authority approved a reinstatement of and an amendment to resolution number 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 Hariri reported the Authority required the County to provide quarterly updates detailing milestones achieved, progress and challenges related to the completion of the projects.

Staff member Hariri reported that the UCC and nine of the 15 CRTPs were open and operational, five CRTPs were currently on track of being open and operational on or before the March 31, 2024 milestone condition deadline, and one CRTP was not on track of being open and operational before the March 31, 2024 deadline. As such the County plans to submit a milestone condition deadline as well as a grant period and resolution expiration date extension request before the deadline in March 2024.

Staff Member Hariri reported that funding for the MCST and CSU programs had been fully disbursed. A total of \$35 million was allocated to the Crisis Residential Treatment Program (CRTP), and as of December 2023, the Authority had disbursed \$14,000,000 based on the percentage of beds that were open and operational.

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

Deputy Director Yanagimoto-Pinedo thanked the Authority for its support and mentioned that three CRTs were scheduled to open by Monday, January 29, 2024. Deputy Director Yanagimoto-Pinedo reported that CRTP Inc., formerly Bel Air Health services, had passed CCL licensing and was moving expeditiously to hire staff. The County expected them to be open by March 2024. The fourth building at LAC-USC had experienced a delay as the service provider withdrew its proposal. The County shared that it expected to select a service provider by the end of January 2024, at which point the facility would be able to obtain licensure and become open and operational by April 30, 2024.

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

Item #12 & #13 **Public Comment and Adjournment**

Chair Morton asked for public comment. Hearing none, the meeting adjourned at 2:33pm.