

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

February 29, 2024, 1:51 P.M.

OPEN SESSION

Deputy Treasurer Patrick Henning, Chair, called the meeting to order at 1:51 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
Michelle Perrault for Joe Stephenshaw, Director of Finance
Antonio Benjamin (via teleconference)
Francisco Silva
Robert Hertzka, M.D.
Keri Kropke, M.A., M.A., CCC-SLP

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

Staff Present: Carolyn Aboubechara, Executive Director
Bianca Smith, Deputy Executive Director
Rana Mayers, Associate Governmental Program Analyst
Tyler Bui, Associate Governmental Program Analyst
Ciprian Ungureanu, Associate Governmental Program Analyst
Stephanie Heiner, Associate Governmental Program Analyst
Kylie Stasko, Associate Governmental Program Analyst

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

Member Benjamin stated the reason he was teleconferencing was because of travel advisories due to a storm. Member Benjamin requested if we could request the legislature amend the meeting requirements to account for unforeseen emergencies such as inclement weather.

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

Authority Action

MOTION: Member Hertzka

AYES:.....Members: Hertzka, Silva, Benjamin, Perrault, Oppenheim, Henning

ABSTAIN:.....Member Kropke

MOTION APPROVED.

Distressed Hospital Loan Program Update

Specialty Dental Clinic Grant Program Update

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

Staff Member Mayers reported that CommonSpirit requested Authority approval to issue tax-exempt revenue bonds in an amount not to exceed \$326,000,000. Bond proceeds would be used to finance and reimburse costs related to the acquisition, construction, expansion, remodeling, renovation, furnishing, and equipping of certain health facilities in California owned and operated by Dignity Health, an affiliate of CommonSpirit.

Attendees: (via teleconference) Lisa Zuckerman, Senior Vice President, Treasury, Capital Planning and Strategic Investing; Jean Ham, Vice President, Assistant Treasurer;

Diane Albrecht, Director, Debt Management; Jong Choi, Director, Debt Management; and Lakshmi Bachu, Manager, Debt Management, CommonSpirit Health; Jessica Zaiger, Shareholder and Janet Zeigler, Shareholder, Polsinelli LLP; and Adam Bryan, Executive Director; Barbara Scudder Pritchard, Executive Director; and John D. Badwick, Executive Director, Morgan Stanley & Co. LLC.

Senior Vice President Zuckerman gave an overview of the projects and provided an update that Moody's credit rating agency upgraded CommonSpirit's rating from a Baa1 to A3 with a "stable outlook."

Member Kropke asked for clarification about what an "interventional radiation bi-plane laboratory" was. Manager, Debt Management Lakshmi Bachu explained that it is a scanning device for CommonSpirit's new state-of-the-art neuroscience department. Member Hertzka explained that the new scanner provides multi-dimensional x-ray views of the body.

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

Authority Action

Motion to approve Resolution No. 458 in an amount not to exceed \$326,000,000 for CommonSpirit Health for the Bond Financing Program, subject to the terms and conditions in the resolution.

MOTION: Member Kropke

SECOND: Member Hertzka

AYES:.....Members: Kropke, Hertzka, Silva, Benjamin, Perrault, Oppenheim, Henning

NOES:.....NONE

ABSTAIN:.....NONE

RECUSE:.....NONE

MOTION APPROVED.

**Item #5 Children's Hospital of Orange County (CHOC), Orange, Orange County
Bond Financing Program
Resolution No. 459 (Action Item)**

Staff Member Bui reported that CHOC requested Authority approval to issue tax-exempt revenue bonds in an amount not to exceed \$275,000,000. Bond proceeds would be used to finance, reimburse, or refinance costs of acquisition, construction, expansion, remodeling, renovation, furnishing, and equipping certain health facilities in Orange County.

Attendees: Jenna Magan, Partner, Orrick, Herrington & Sutcliffe LLP; (via teleconference) Kerri Schiller, Executive Vice President and Chief Financial Officer; Bill Rhode, Vice President, Finance and David Schinderle, Treasurer, Children's Hospital of Orange County; and John D. Badwick, Executive Director, Morgan Stanley & Co. LLC.

Chief Financial Officer Schiller provided an overview of the project.

Member Kropke asked for clarification regarding the accounting change and revenue recognition related to the Hospital Quality Assurance Fee in fiscal year 2023.

Chief Financial Officer Schiller explained that due to an accounting change, deferred provider fee revenue on previous years' balance sheet had since been recognized as patient service revenue on the income statement.

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

Authority Action

Motion to approve Resolution No. 459 in an amount not to exceed \$275,000,000 for Children's Hospital of Orange County for the Bond Financing Program, subject to the terms and conditions in the resolution.

MOTION: Member Perrault

SECOND: Member Silva

AYES:.....Members: Kropke, Hertzka, Silva, Benjamin, Perrault, Oppenheim, Henning

NOES:.....NONE

ABSTAIN:.....NONE

RECUSE:.....NONE

MOTION APPROVED.

**Item #6 Ventura County Medical Center (VCMC), Ventura, Ventura County
Children's Hospital Program of 2018 (First Funding Round)
First Amendment to Resolution No. CHP-4E 2020-02 (Action Item)**

Staff Member Ungureanu reported that Ventura County, as owner and operator of VCMC, requested Authority approval to extend the grant period end date and resolution expiration date from March 31, 2024 to March 31, 2026. VCMC would not be able to complete the project and submit all disbursement documentation by the March 31, 2024 deadline due to significant delays in its pediatric medical-surgical unit remodeling schedule. VCMC experienced delays during the initial design phase due to COVID-19 pandemic-related construction worker shortages and supply chain delays. VCMC also experienced unforeseen building issues, such as the existing ceiling system not being compliant with current fire code requirements, existing door frames needing replacement, black mold removal, and hot water system repairs, that further impacted the construction timeline. Staff Member Ungureanu reported that extending the grant period end date and resolution expiration date to March 31, 2026 would give VCMV sufficient time to finish the remodel/renovation, equip and furnish the pediatric unit, make final retention payments, account for any outstanding items with the general contractor, and submit all disbursement documentation.

Attendees: (via teleconference) Dr. John Fankhauser, Chief Executive Officer and Jill Ward, Chief Financial Officer, Ventura County Medical Center; and Brian D'Anna, Deputy Director, Ventura County Public Works Agency.

Chief Financial Officer Ward thanked the Authority and explained that VCMC's project would expand the availability of pediatric beds by the end of June 2024 and help meet a critical need given that two hospitals in the community had closed pediatric units in the past two years.

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

Authority Action

Motion to approve the First Amendment to Resolution No. CHP-4E 2020-02 to extend the grant period end date and resolution expiration date to March 31, 2026, subject to the terms and conditions in the resolution.

MOTION: Member Hertzka

SECOND: Member Kropke

AYES:.....Members: Kropke, Hertzka, Silva, Benjamin, Perrault, Oppenheim, Henning

NOES:.....NONE

ABSTAIN:.....NONE

RECUSE:.....NONE

MOTION APPROVED.

Item #7

County of Contra Costa (County)
Investment in Mental Health Wellness Grant Program
for Children and Youth (Second Funding Round)
First Amendment to Resolution No. CY 2021-01 (Action Item)

Staff Member Heiner reported the County requested Authority approval to amend the milestone condition deadlines of being open and operational from February 29, 2024 to July 31, 2024 and to submit all disbursement documentation from June 30, 2024 to November 30, 2024. The County also requested to extend the grant period and resolution expiration dates from December 31, 2024 to March 31, 2025. Staff Member Heiner reported that the County needed additional time to complete the installation of a braille sign for the delayed egress door before fire inspection approval. The Crisis Stabilization Unit (CSU) construction had been completed, all staff had been hired, and as of February 6, 2024, the braille sign for the delayed egress door had been installed, and on February 14 2024, the County passed the fire inspection. The County was working with the County's Department of Conservation and Development to secure the occupancy permit, then the County could conduct the final building inspection and complete all furniture installation.

Attendees: (via teleconference) Suzanne Tavano, Ph.D., Director of Behavioral Health Services; Adam Down, Project Manager; and David Chong, Facilities Coordinator, County of Contra Costa, Behavioral Health Services.

Dr. Suzanne Tavano gave an update on the project status and thanked the Authority.

Member Kropke asked for more information regarding the County's CSU.

Dr. Suzanne Tavano explained the CSU would be considered an outpatient facility, with care up to 24 hours, and could not be used as a residential facility.

Chair Henning 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 2021-01 to amend the milestone condition deadlines and extend the grant period and resolution expiration dates to March 31, 2025, subject to the terms and conditions in the resolution.

MOTION: Member Kropke

SECOND: Member Benjamin

AYES:.....Members: Kropke, Hertzka, Silva, Benjamin, Perrault, Oppenheim, Henning

NOES:.....NONE

ABSTAIN:.....NONE

RECUSE:.....NONE

MOTION APPROVED.

Item #8

**County of Santa Clara (County)
Community Services Infrastructure Grant Program
(Third and Fourth Funding Rounds)
First Amendment to Resolution No. CSI 2023-02 and
Resolution No. CSI 2023-03 (Action Item)**

Staff Member Heiner reported that the County requested Authority approval of a project description change for both of its approved Community Services Infrastructure (CSI) Grant Program projects, as outlined in Resolution Numbers CSI 2023-02 and CSI 2023-03.

Resolution Number CSI 2023-02, approved on January 26, 2023, awarded the County a \$2,000,000 CSI grant to purchase at least one facility, adding eight beds to the County's existing Transitional Housing Unit Program. Subsequently, Resolution Number CSI 2023-03, approved on May 25, 2023, awarded a \$6,000,000 CSI grant for the purchase of three facilities, to add an additional 18 new beds to the County's existing Transitional Housing Unit Program.

Rising real estate costs had significantly reduced the County's purchasing power for acquiring suitable properties, and the County's search for properties in residential neighborhoods resulted in grievances from community members who opposed the integration of justice-involved adults into their neighborhoods. To address these challenges and expand community alternatives to incarceration, the County proposed a project description change to both grants to 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 that the County submitted all the documentation required for addressing requests for project description changes. Staff Member Heiner concluded that, according to the information provided, the newly proposed project satisfied the eligibility criteria of the CSI Program and would have qualified and been awarded if scored as a new application.

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

Division Director Olivarez explained the County's proposed plan would reduce community opposition while maximizing the County's purchasing power and stated that diverted residents have a right to reintegrate.

Member Silva excused himself for the remainder of the meeting.

Member Kropke praised the County staff for their efforts to help integrate justice-involved individuals back into the community.

Chair Henning asked whether the County had identified prospective properties for the proposed amended project.

Division Director Olivarez explained that the County had identified some possible properties and would continue to work with the County's Department of Real Estate to identify additional properties. One of the identified properties was recently viewed and determined not suitable for the program because it would have been located too far from necessary services such as public transportation and shopping centers.

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

Authority Action

Motion to approve the First Amendment to Resolution No. CSI 2023-02 and Resolution No. CSI 2023-03 to change the project descriptions, subject to the terms and conditions in the resolution.

MOTION: Member Kropke

SECOND: Member Hertzka

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

NOES:.....NONE

ABSTAIN:.....NONE

RECUSE:.....NONE

MOTION APPROVED.

Item #9

County of Los Angeles (County)

Investment in Mental Health Wellness Grant Program (First Funding Round)

Eighth Amendment to Resolution No. MH 2014-06 (Action Item)

Staff Member Stasko reported that the County requested Authority approval to amend the open and operational milestone condition deadline from March 31, 2024 to December 31, 2024 and to extend the grant period and resolution expiration dates from July 31, 2024 to March 31, 2025. Staff Member Stasko reported that ten of the County's 15 Crisis Residential Treatment Program (CRTP) projects were open and operational, and four of the remaining CRTP projects received Community Care Licensing (CCL) and were expected to be staffed, open and operational by March 31, 2024. One CRTP project still required an executed service provider agreement, CCL approval, and recruitment of staff but was expected to be open and operational by December 31, 2024.

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

Jo Ann Yanagimoto-Pinedo announced the opening or planned opening of multiple CRTP project sites and explained the challenges still faced by the County.

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

Authority Action

Motion to approve an Eighth Amendment to Resolution No. MH 2014-06 to amend a milestone condition and extend the grant period and resolution expiration dates to March 31, 2025, subject to the terms and conditions in the resolution.

MOTION: Member Perrault

SECOND: Member Hertzka

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

NOES:.....NONE

ABSTAIN:.....NONE

RECUSE:.....NONE

MOTION APPROVED.

Item #10 & #11

Public Comment and Adjournment

Chair Henning asked for public comment. Hearing none, the meeting adjourned at 2:48pm.