

MINUTES
CALIFORNIA HEALTH FACILITIES
FINANCING AUTHORITY
(Authority or CHFFA)

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

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

June 27, 2024, 1:30 P.M.

OPEN SESSION

Deputy Treasurer Khaim Morton, Chair, called the meeting to order at 1:35 P.M.

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

<u>Item #1</u>	<u>Roll Call</u>
Members Present:	Khaim Morton for Fiona Ma, State Treasurer David Oppenheim for Malia M. Cohen, State Controller Guadalupe Manriquez for Joe Stephenshaw, Director of Finance Antonio Benjamin (joined at 1:47 P.M.) Francisco Silva Robert Cherry, M.D. (via teleconference) Robert Hertzka, M.D.
Members Absent:	Katrina Kalvoda Keri Kropke, M.A., M.A., CCC-SLP
Staff Present:	Carolyn Aboubechara, Executive Director Bianca Smith, Deputy Executive Director Summer Nishio, Staff Services Manager II 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.

Member Cherry confirmed that no one over the age of 18 was in the room with him.

Item #2 **Approval of the Minutes from the May 30, 2024 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 May 30, 2024 Authority meeting.

MOTION: Member Silva

SECOND: Member Hertzka

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

NOES:NONE

ABSTAIN:NONE

RECUSE:NONE

MOTION APPROVED.

Item #3

Executive Director's Report (Information Item)

Distressed Hospital Loan Program Update

Executive Director Aboubechara gave an update on the Distressed Hospital Loan Program. Executive Director Aboubechara reported that CHFFA had made an initial disbursement to Madera Community Hospital (Madera) of about \$15.2 million out of its \$57 million loan award. Madera emerged from bankruptcy on May 7th. Hospitals who came out of bankruptcy would be receiving their loan awards in installments to ensure they were progressing and meeting their turnaround plans. Hazel Hawkins Memorial Hospital also came out of bankruptcy in March. Hazel Hawkins Memorial Hospital and Sonoma Valley Hospital would be receiving disbursements of their loan awards soon.

2023 CHFFA Annual Report

Executive Director Aboubechara reported that the 2023 CHFFA Annual Report was published on the CHFFA website. The document was a summary of all actions the Authority had taken and all the work staff had done in calendar year 2023. The report was compiled voluntarily and was not legislatively required.

Other Items

Executive Director Aboubechara reported that staff member Ciprian Ungureanu would be leaving the Authority and go to the State Water Resources Control Board.

Member Silva asked whether milestones for distressed hospitals were being reviewed by the Authority or by the Department of Health Care Access and Information (HCAI). Member Silva also asked what happened to the repaid funds from the Nondesignated Public Hospital Bridge Loan Program (NDPH). Member Manriquez asked whether Sonoma Valley Hospital was in bankruptcy.

Executive Director Aboubechara explained that milestones were reviewed by HCAI and confirmed by the Authority. Funds from NDPH repayments would revert to the General Fund unless legislation were to change. There was a pending bill to extend the period for NDPH II, but there were not any concrete developments on which to report at the time. Sonoma Valley Hospital was not in bankruptcy, and the Authority was waiting to receive loan documents on their behalf.

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

Item #4 Mountain Valleys Health Centers (Mountain Valleys), Bieber, Lassen County Healthcare Expansion Loan Program II (HELP II) Resolution No. HII-356 (Action Item)

Member Silva recused himself from participating in item #4 as President of the California Primary Care Association, of which Mountain Valleys was a member.

Staff Member Prince reported that Mountain Valleys requested a HELP II loan in an amount not to exceed \$1,000,000. Loan proceeds would be used to refinance an existing loan that was used to finance the construction of Mountain Valleys' Fall River Valley Health Center.

Attendees: (via teleconference) Shannon Gerig, Chief Executive Officer and Brandon Watkins, Chief Financial Officer, Mountain Valleys Health Centers.

Member Benjamin joined the meeting at 1:47 P.M.

Chief Executive Officer Gerig gave an overview of Mountain Valleys' projects, explaining that some patients would drive from 2 hours away to receive services. The ability to provide services on property owned by Mountain Valleys would improve sustainability of the organization and the clients served.

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

Authority Action

Motion to approve Resolution No. HII-356 in an amount not to exceed \$1,000,000 for Mountain Valleys Health Centers for the HELP II program, subject to the terms and conditions in the resolution.

MOTION: Member Hertzka

SECOND: Member Manriquez

AYES:Members: Hertzka, Cherry, Benjamin, Manriquez, Oppenheim, Morton

NOES:NONE

ABSTAIN:NONE

RECUSE:Member: Silva

MOTION APPROVED.

Item #5 HELP II Programmatic Change Discussion (Information Item)

Staff Member Nishio presented. At the May 30, 2024 Authority meeting, the Authority approved Resolution No. 2024-02, increasing the HELP II interest rate. At the meeting, board members asked Authority staff to research a few more ideas for discussion regarding HELP II. After further investigation, staff recommended keeping the interest rate for new money at 3%, not implementing a dynamic interest rate, not implementing an automatic funds floor trigger, and reviewing the HELP II program annually.

Attendees: (via teleconference) Greg Matayoshi, Principal Consultant, TAP International, Inc.

A discussion ensued regarding the competitiveness of the HELP II interest rate. Member Oppenheim mentioned the problem of having to replenish the revolving fund and that fractional interest rates should be considered. Member Benjamin noted that if federal interest rates were to decrease, fractional interest rates could be considered to keep HELP II competitive. Member Silva asked whether the interest rate would be reviewed during the next annual report.

Executive Director Aboubechara explained that the interest rate would be included in the report.

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

Items #6 and #7 Public Comment and Adjournment

Chair Morton asked for public comment. Hearing none, the meeting adjourned at 2:01pm.