

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

January 30, 2025, 1:30 P.M.

OPEN SESSION

Deputy Treasurer Stephanie Tom, Chair, called the meeting to order at 1:36 P.M.

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

Item #1

Roll Call

Members Present: Stephanie Tom for Fiona Ma, State Treasurer
David Oppenheim for Malia M. Cohen, State Controller
Kris Cook for Joe Stephenshaw, Director of Finance
Francisco Silva
Robert Cherry, M.D.
Robert Hertzka, M.D.
Keri Kropke, M.A., M.A., CCC-SLP

Members Absent: Antonio Benjamin
Katrina Kalvoda

Staff Present: Carolyn Aboubechara, Executive Director
Bianca Smith, Deputy Executive Director
Brock Lewis, Staff Services Manager I
Erica Rodriguez, Staff Services Manager I
Rana Mayers, Associate Governmental Program Analyst
Balpreet Chahal, Staff Services Analyst
Angel Nguyen, Staff Services Analyst
Layly Roodsari, Staff Services Analyst

Chair Tom reminded virtual attendees to mute their microphones until their respective turn to speak and requested all attendees to state their names and organization for the record. Chair Tom asked that any comments made during the public comment period should be limited to two minutes per speaker.

Item #2 Approval of the Minutes from the December 12, 2024 Meeting (Action Item)

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

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

Authority Action

Motion to approve the minutes from the December 12, 2024 Authority meeting.

MOTION: Member Kropke SECOND: Member Cook

AYES:Members: Silva, Hertzka, Cherry, Kropke, Cook, Oppenheim, Tom

NOES:NONE

ABSTAIN:NONE

RECUSE:NONE

MOTION APPROVED

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

Annual Reports for the Legislature Update

Executive Director Aboubechara reported that the Authority had prepared annual reports to Legislature 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 that were shared with Authority Members, all of which were published on the Authority’s website.

Other Items

Executive Director Aboubechara reported that the Authority hired Angel Nguyen as a Staff Services Analyst for the Grants Unit, and Brock Lewis was promoted to Staff Services Manager II.

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

**Item #4 The Carolyn E. Wylie Center for Children, Youth & Families (Wylie Center),
Riverside, Riverside County
Healthcare Expansion Loan Program II (HELP II)
Resolution No. HII-361 (Action Item)**

Staff Member Chahal reported that the Wylie Center requested a HELP II loan in an amount not to exceed \$1,700,000. Loan proceeds would be used to refinance an existing loan, finance renovations, and purchase equipment and furnishings for the Wylie Center’s existing property.

Attendees: (via teleconference) Mickey Rubinson, Chief Executive Officer and Syed Kazmi, Chief Financial Officer, The Carolyn E. Wylie Center for Children, Youth & Families.

Chief Financial Officer Rubinson added that infrastructure improvements would expand mental health services.

Member Oppenheim reiterated the Authority’s mission to promote health access across California and thanked the applicant for providing necessary services.

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

Authority Action

Motion to approve Resolution No. HII-361 in an amount not to exceed \$1,700,000 for the Wylie Center for the HELP II Loan Financing Program, subject to the terms and conditions in the resolution.

MOTION: Member Oppenheim SECOND: Member Hertzka

AYES:Members: Silva, Hertzka, Cherry, Kropke, Cook, Oppenheim, Tom

NOES:NONE

ABSTAIN:NONE

RECUSE:NONE

MOTION APPROVED

**Item #5 County of San Mateo (the County)
Investment in Mental Health Wellness Grant Program for Children and Youth
(Second Funding Round)
Second Amendment to Resolution No. CY 2021-07 (Action Item)**

Staff Member Nguyen reported the County requested Authority approval to amend the milestone condition deadlines of being open and operational from February 28, 2025 to December 31, 2025 and to submit all disbursement documentation from August 31, 2025 to February 28, 2026. The County also requested to extend the grant period and resolution expiration dates from November 30, 2025 to June 30, 2026.

On April 29, 2021, the Authority approved a final allocation awarding the County grant funds in the amount of \$618,915.00 to add a three-bed Crisis Stabilization Unit program to an existing Psychiatric Emergency Services Unit. The County executed the architectural contract in March 2022, construction permits were approved by the Department of Health Care Access Information in January 2023, and the construction contract was executed in August 2023. However, the renovation was not able to start by the anticipated date due to staff and labor issues as well as the delays in vacating the area designated for construction. On January 8, 2025, the County confirmed the start of construction and submitted an updated timeline. The extension would give the County sufficient time needed to complete the renovation of the CSU and begin providing services.

Attendees: (via teleconference) Carlton Mills, Chief Nursing Officer, San Mateo Medical Center.

Chief Nursing Officer Mills explained that the CSU project was part of the final phase of a preplanned renovation of the County’s behavioral health clinic.

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

Authority Action

Motion to approve the Second Amendment to Resolution No. CY 2021-07 to amend the milestone condition deadlines and extend the grant period and resolution expiration dates, subject to the terms and conditions in the resolution.

MOTION: Member Hertzka SECOND: Member Kropke

AYES:Members: Silva, Hertzka, Cherry, Kropke, Cook, Oppenheim, Tom

NOES:NONE

ABSTAIN:NONE

RECUSE:NONE

MOTION APPROVED

Item #6

County of Merced (the County)
Community Services Infrastructure Grant Program (Third Funding Round)
Amendment to Resolution No. CSI 2023-01 (Action Item)

Staff Member Roodsari reported the County requested Authority approval to extend the open and operational milestone condition deadline from January 29, 2025 to March 31, 2025. On January 26, 2023, the Authority approved a final allocation awarding the County grant funds in an amount not to exceed \$2,500,000.00 to develop a new jail diversion facility to provide a community treatment space for justice-involved individuals experiencing co-occurring disorders. The County did not meet their milestone condition deadline of being open and operational.

The County previously received a 60-day extension under delegated authority extending their milestone condition deadline of being open and operational from November 30, 2024 to January 29, 2025. The County needed additional time after setbacks, which included the theft of two HVAC units and concerns from the County Department of Public Works over parts of the electrical system. Remaining renovations included painting, installation of flooring, plumbing, hardware, information technology, and furnishing. Renovations and approval of an encroachment permit from the City of Merced were anticipated to be completed within 60 days.

The County confirmed that Community Services Infrastructure Grant Program (CSI) services began in August 2023 and were temporarily being housed in a probation office. Once the facility were to be completed, the CSI program would move into the new facility. The extension would give the County sufficient time needed to obtain the encroachment permit, to complete the remaining renovations, and to move the program services into the new facility.

Attendees: (via teleconference) Sharlee Fragulia, Director of Administrative Services; Christopher Henn, Chief Probation Officer; and Joel Daffron, Deputy Chief Probation Officer, Merced County Probation Department.

Chief Probation Officer Henn provided an update that plumbing had been completed, flooring was nearly finished, and furnishings were ready to be installed.

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

Authority Action

Motion to approve the Amendment to Resolution No. CSI 2023-01 to amend the milestone condition deadline, subject to the terms and conditions in the resolution.

MOTION: Member Silva

SECOND: Member Cherry

AYES:Members: Silva, Hertzka, Cherry, Kropke, Cook, Oppenheim, Tom

NOES:NONE

ABSTAIN:NONE

RECUSE:NONE

MOTION APPROVED

Item #7**County of Santa Clara (the County)****Community Services Infrastructure Grant Program (Third and Fourth Funding Rounds)****Resolution Nos. CSI 2023-02, CSI 2023-03, and 2023-03B (Action Item)**

Staff Member Nguyen reported the County requested Authority approval to amend its project descriptions for both Resolution Nos CSI 2023-02 and CSI 2023-03 and to extend the milestone condition deadlines for Resolution No. CSI 2023-02 from January 29, 2025 to March 31, 2025 and to submit all disbursement documentation from March 31, 2025 to April 15, 2025. Authority staff also requested Authority approval for Resolution No. CSI 2023-03B to set a cure period ending on March 31, 2025 for the County to cure an event of default.

On February 29, 2024, the County received Authority approval to combine the funding from two Community Services Infrastructure (CSI) grants for the acquisition of one larger property for the combined total of 26 beds. The County had identified three potential buildings for their Transitional Housing Unit Program. After conducting site visits, none of the buildings were deemed suitable for the CSI project. In June 2024, the County received approval from Santa Clara County Board of Supervisors (BoS) to acquire two properties in San Jose. In September 2024, the City of San Jose declined to sell one of the properties due to community concerns regarding housing justice-involved individuals.

The County was able to acquire one property and anticipated to close escrow on January 24, 2025. The County confirmed that a service provider had been selected and that purchase of furnishings and equipment had started. The property would satisfy the 8-bed requirement stated in the original project description for Resolution No. CSI 2023-02. However, the County was unable to meet the open and operational milestone deadline of January 29, 2025, and had not yet been able to identify another property to satisfy the requirements of Resolution No. CSI 2023-03. The County's failure to meet the open and operational milestone deadline, placed it in default of its grant agreement. In accordance with Section 6.2 of the Grant Agreement, the Authority was required to provide the County written notice of the default and provide the County an opportunity to cure the default.

Executive Director Aboubechara addressed a typo in Resolution No. CSI 2023-03; the project description stated that "the County must develop three new jail diversion facilities with at least 16 beds..." and needed to be corrected to read "...18 beds..."

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

Division Manager Lemus-Mendez explained that the service provider contract for the Vermont property had been executed, an inventory of needed furnishing and equipment had begun, the service provider and the County anticipated the furnishings be moved in within the next three weeks and that the Vermont property would meet the March 31, 2025 open and operational deadline. Additionally, the County had identified a second property on Lark Avenue in Los Gatos California and had planned to submit a letter of intent to the seller to purchase the property.

Member Cherry expressed hope and support for the County to satisfy the requirements of the grant. Member Oppenheim acknowledged the County's exhaustive efforts to overcome obstacles. Member Oppenheim asked Executive Director Aboubechara if there was any flexibility within the confines of the contract to assist the County. Executive Director Aboubechara explained that staff was up against the end of the CSI Program, which is June 30, 2025 and that all disbursement

documentation would have to be reviewed and payment would have to be processed by the State Controller's Office before that date. Additionally, Authority staff had worked closely with the County in order to explore alternative solutions.

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

Authority Action

Motion to approve the Amendments to Resolution Nos. CSI 2023-02 and CSI 2023-03 to amend the milestone condition deadlines and amend the project descriptions and to approve Resolution No. CSI 2023-03B to set a cure period for the County to cure an event of default, subject to the terms and conditions in the resolution.

MOTION: Member Kropke

SECOND: Member Hertzka

AYES:Members: Silva, Hertzka, Cherry, Kropke, Cook, Oppenheim, Tom

NOES:NONE

ABSTAIN:NONE

RECUSE:NONE

MOTION APPROVED

Item #8 **Specialty Dental Clinic Grant Program (First Funding Round)**
Resolution Nos. SDC 2025-01 through SDC 2025-14 (Action Item)

Item #8 was removed from the agenda and postponed to a future meeting to be determined.

Item #9 **Distressed Hospital Loan Program (DHLP)**
Resolution No. 2025-01 (Action Item)

Member Hertzka recused himself from item #9 due to his relationship as a consultant to a borrower under the Program.

Staff Member Rodriguez reported the Department of Health Care Access and Information (HCAI) and CHFFA developed the DHLP Loan Modification Application and the process for loan modifications and presented it to the Authority board as an information item at the December 12, 2024 Authority meeting. The loan modification process, as outlined in statute, was designed to offer further support to DHLP borrowers who faced ongoing financial struggles. The Loan Modification Application consisted of a two-step process; Step 1: a 12-month extension of the loan payment deferral period and maturity date and Step 2: a 12-month debt service forgiveness, and included eligibility criteria, criteria for loan modification approval, and form to be filled.

Following the December 12th board meeting, staff received feedback regarding the Loan Modification Application, including from the District Hospital Leadership Forum and the California Hospital Association. A few concerns were raised, including but not limited to, clarification of the timing of the two-step process, the approval process, and eligibility requirements. CHFFA and HCAI considered and discussed all issues raised and have made any necessary edits to the application and application process. To address concerns regarding approval time of loan modifications, CHFFA proposed delegating authority to the Executive Director and Deputy Executive Director to ensure a timely and efficient approval process.

Attendees: (via teleconference) Dean O'Brien, Acting Deputy Director, Department of Health Care Access and Information.

Member Cook commended the Authority and HCAI teams for working together.

Member Oppenheim asked how many distressed hospitals would apply for loan modification. Executive Director Aboubechara explained that the majority, if not all of the 16 DHLP borrowers were expected to qualify for Step 1 of loan modification. Member Oppenheim requested Authority staff to continue to report on the financial condition of loan recipients.

Member Silva asked for clarification regarding the eligibility process of Step 1. Executive Director Aboubechara explained that for Step 1, the requirements would be less stringent to allow for deferral. The Step 2 loan forgiveness would require a higher standard to qualify.

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

Authority Action

Motion to approve Resolution No. 2025-01 authorizing the approval of the Loan Modification Application and delegating certain powers to the Executive Director and/or the Deputy Executive Director, subject to the terms and conditions in the resolution.

MOTION: Member Oppenheim SECOND: Member Cook

AYES:Members: Silva, Hertzka, Cherry, Kropke, Cook, Oppenheim, Tom

NOES:NONE

ABSTAIN:NONE

RECUSE:Member Hertzka

MOTION APPROVED

**Item #10 2025 Emergency Wildfire Help Loan Program (the Program)
Resolution No. 2025-02 (Action Item)**

Staff Member Lewis reported on the proposed Program to provide low-cost loans to eligible health facilities in the state of California that had been impacted by the 2025 wildfires in Los Angeles, Ventura, and San Bernardino Counties (Los Angeles Fires). The Resolution would allocate \$2 million from the HELP II Fund exclusively to fund the Program and would delegate authority to the Executive Director and the Deputy Executive Director to approve loans up to \$500,000 per borrower if certain conditions were met. There would be no application fee, and the closing fee would be one percent. All monies for the Program would be available for loan approval until January 31, 2026, unless extended by action of the Authority.

Attendees: None.

Executive Director Aboubechara noted the \$2 million from the HELP II Fund was within the fund’s means to be set aside to quickly provide as a response to health facilities in this emergency situation and show CHFFA’s responsiveness. CHFFA would continue to explore other options to grow the Program if there is demand.

Member Silva asked if more funds might be secured and how would the need for more funds be identified. Executive Director Aboubechara explained that CHFFA would work with the Department of Finance to explore additional avenues for funding, but for now CHFFA can provide at least four borrowers with a \$500,000 Program loan. Executive Director Aboubechara also noted the Program had already been showcased on local news.

Member Oppenheim stated the State Controller is committed to being part of the solution and commended the Authority for moving so quickly to meet the urgent need.

Chair Tom commended Authority staff for moving so quickly to identify funds.

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

Authority Action

Motion to approve Resolution No. 2025-02 authorizing the implementation of the 2025 Emergency Wildfire Help Loan Program and delegating certain powers to the Executive Director and/or the Deputy Executive Director, subject to the terms and conditions in the resolution.

MOTION: Member Silva

SECOND: Member Cherry

AYES:Members: Silva, Hertzka, Cherry, Kropke, Cook, Oppenheim, Tom

NOES:NONE

ABSTAIN:NONE

RECUSE:NONE

MOTION APPROVED.

Items #11 and #12

Public Comment and Adjournment

Chair Tom asked for public comment. Hearing none, the meeting adjourned at 2:23pm.