

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

July 31, 2025, 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.

Item #1	Roll Call
Members Present:	Khaim Morton for Fiona Ma, State Treasurer David Oppenheim for Malia Cohen, State Controller Michele Perrault for Joe Stephenshaw, Director, Department of Finance Antonio Benjamin Robert Cherry, M.D. Robert Hertzka, M.D.
Members Absent:	Francisco Silva Katrina Kalvoda Keri Kropke, M.A., M.A., CCC-SLP
Staff Present:	Carolyn Aboubechara, Executive Director Bianca Smith, Deputy Executive Director Erica Rodriguez, Staff Services Manager I Rana Mayers, Associate Governmental Program Analyst Leily Ghods, Associate Governmental Program Analyst Balpreet Chahal, Staff Services Analyst Layly Roodsari, Staff Services Analyst

Chair Morton declared a quorum present in person. Chair Morton 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 Morton asked that participants speak into their microphone.

Item #2 **Approval of the Minutes from the June 26, 2025 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 June 26, 2025 Authority meeting.

MOTION: Member Cherry

SECOND: Member Hertzka

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

NOES:NONE

ABSTAIN:NONE

RECUSE:NONE

MOTION APPROVED

Item #3 **Executive Director's Report (Information Item)**

State and Federal Budget Update

Executive Director Aboubechara reported that with the passing of the Budget Act of 2025, the Community Services Infrastructure Grant (CSI) Program had an extension of its deadlines for the completion of existing projects. Los Angeles County, Merced County, and Santa Clara County were the only three counties with open grant projects. However, all three counties completed the approved CSI projects on time and did not need to utilize the extension. Earlier in the year Santa Clara County came to the Authority for an extension, and the Authority set a cure period for a second grant award, which had no project pending. Santa Clara County received funding for one project and was unable to meet the cure period for the second grant award, so funding for the other project was forfeited. The CSI Program had forfeitures totaling \$9,981,000 of the allotted \$67.5 million that are expected to revert to the General Fund.

Executive Director Aboubechara reported that despite talks at the federal level of the potential elimination of tax-exempt financing, the proposed elimination was not included in the final federal budget reconciliation bill. In 2017, tax-exempt financing at the federal level was limited and the National Association of Health and Educational Facilities Finance Authorities (NAHEFFA), a national association with member issuers throughout the country, made it a priority to ensure the funding was preserved. NAHEFFA advocated at the federal level to ensure the protection of tax-exempt financing.

National Association of Health and Educational Facilities Finance Authorities (NAHEFFA)

Executive Director Aboubechara also reported that CHFFA would assist NAHEFFA to host a conference in California in October 2026. NAHEFFA provides training and information on federal tax compliance, Securities Exchange Commission issues and updates, federal law changes and other resources in the bond financing sector, which is all helpful to staff.

2024 CHFFA Annual Report

Executive Director Aboubechara reported that the 2024 CHFFA Annual Report was posted on the Authority's website. The report includes information about all of CHFFA's programs and summarizes all activities and accomplishments from the prior year.

Contract Delegation of Powers Update

Executive Director Aboubechara reported that the Authority entered into the following contracts: a three-year contract with KNN Public Financing (KNN) in the amount of \$300,000 for primary municipal advisor services; a three-year contract with Columbia Capital Management in the amount of \$250,000 for secondary municipal advisor services in case of a conflict of interest with KNN; a three-year contract with Orrick, Herrington & Sutcliffe in the amount of \$300,000 to serve as issuer's counsel in the case of a conflict of interest with the Attorney General's Office; and a three-year contract with the California Dental Association Foundation in the amount of \$75,000 to serve as technical advisor on the Specialty Dental Clinic Grant Program. Additionally, Executive Director Aboubechara noted that the first disbursement under the Specialty Dental Clinic Grant Program was approved.

Children's Hospital of Orange County (CHOC) Site Visit

Staff Member Ghods gave an overview of CHOC'S new 9-story project known as the Southwest Tower. In 2023, the Authority approved a \$135 million grant under the Children's Hospital Program of 2018 to reimburse CHOC for the costs of constructing the pediatric portion of the 300,000 square foot medical office building, of which approximately \$111 million has been disbursed. The Southwest Tower allowed for the expansion or relocation of various pediatric subspecialty care services, including but not limited to dentistry, orthodontics, cranial-facial services, a cancer center, pulmonology, endocrinology, orthopedics, and orthopedic imaging. The building officially opened in mid-June 2025. The Southwest Tower houses a dedicated radiology and pediatric imaging unit with facilities equipped with prep rooms and practice machines designed to reduce fear and anxiety for pediatric patients.

Member Oppenheim extended thanks to NAHEFFA for advocating for the continued issuance of tax-exempt bonds as well as compliments to CHFFA staff on the annual report, which shows the full scope of the Authority's work. Member Oppenheim also thanked Executive Director Aboubechara and CHFFA staff for fulfilling urgent requests for information, which was helpful for presenting at Controller Cohen's business review meeting.

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

Item #4 Adventist Health System/West (Adventist), Roseville, Placer County Bond Financing Program Resolution No. 467 (Action Item)

Member Cherry recused himself from participating in Item #4 as a compensated board member of Adventist. Member Cherry left the boardroom.

Staff Member Chahal reported that Adventist requested Authority approval to issue tax-exempt bonds in an amount not to exceed \$1,000,000,000. Bond proceeds would be used to finance the installation of a new enterprise-wide electronic health record system (EPIC) and to refund outstanding commercial paper and a line of credit. Bond proceeds may also be used to refund all or a portion of the outstanding CHFFA Series 2013A and 2016A bonds and the California Statewide Communities Development Authority Series 2015A bonds if sufficient savings would be generated from the transaction.

Attendees (in-person): Brandon Seibold, Senior Vice President and Treasurer, Adventist Health System/West and Jenna Magan, Partner and Mayling Leong, Senior Associate, Orrick, Herrington & Sutcliffe LLP.

Attendees (via teleconference): Allison Majka, Associate and Henry Rasmussen, Associate, RBC Capital Markets.

Senior Vice President Seibold explained that the implementation of EPIC would be transformative for the organization from a financial, clinical, and patient's perspective. The platform would be AI-enabled allowing nurses to be more efficient and have more time and interaction with patients. In addition, patients would be able to access records in a more streamlined way and there would be material financial benefit from a growth perspective and revenue cycle efficiency perspective.

Member Oppenheim asked for Executive Director Aboubechara to provide feedback regarding interest savings after the financing was completed. Executive Director Aboubechara agreed to provide the update to Authority members on the results of the financing.

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

Authority Action

Motion to approve Resolution No. 467 in an amount not to exceed \$1,000,000,000 for Adventist Health System/West through the bond financing program, subject to the terms and conditions in the resolution.

MOTION: Member Benjamin

SECOND: Member Hertzka

AYES:Members Hertzka, Benjamin, Perrault, Oppenheim, Morton

NOES:NONE

ABSTAIN:NONE

RECUSE:Member Cherry

MOTION APPROVED

Item #5

**Northern California P.E.T. Imaging Center (NCPIC),
Sacramento, Sacramento County
Tax-Exempt Equipment Financing Program
Resolution No. E-28 (Action Item)**

Staff Member Mayers reported that NCPIC requested Authority approval to issue tax-exempt equipment notes in an amount not to exceed \$2,500,000. Note proceeds would be used to purchase a new positron emission tomography (PET) and computed tomography (CT) panorama imaging scanner to replace an older scanner for use in its Sacramento facility.

Attendees (in-person): Bradley Schmidt, Chief Executive Officer, Northern California P.E.T. Imaging Center.

Attendees (via teleconference): George Lenzi, Chief Financial Officer, Northern California P.E.T. Imaging Center and Gary Hicks, Executive Vice President, Fieldman, Rolapp & Associates, Inc.

Chief Executive Officer Schmidt mentioned that this is NCPIC's second transaction with CHFFA and explained NCPIC's history as a community-based non-profit entity that was formerly a part of Sutter Health. NCPIC is now an independent non-profit organization. He explained that the prior CHFFA loan allowed NCPIC to expand into Rocklin, CA to offer their PET/CT imaging services to cancer, dementia, and Alzheimer's patients. The new equipment loan with CHFFA will allow them to continue to offer those services using modern and safer equipment that will emit lower radiation levels and is more precise. Chief Executive Officer Schmidt explained that by

purchasing a high-quality machine at a lower price, NCPIC is able to pass on those savings to their patients and offer their scans with a large discount (up to 80% cost savings on high-cost deductible insurance). This would result in an approximate savings of \$15,000 for a patient.

Chair Morton stressed the importance and value of bringing cost savings to patients and appreciated NCPIC for returning to CHFFA for additional financing.

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

Authority Action

Motion to approve Resolution No. E-28 in an amount not to exceed \$2,500,000 for Northern California P.E.T. Imaging Center through the tax-exempt equipment financing program, subject to the terms and conditions in the resolution.

MOTION: Member Hertzka

SECOND: Member Cherry

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

NOES:NONE

ABSTAIN:NONE

RECUSE:NONE

MOTION APPROVED

Item #6

**Valley Children's Hospital (VCH), Madera, Madera County
Children's Hospital Program of 2018 (First Funding Round)
Resolution No. CHP-4 2025-03 (Action Item)**

Chair Morton recused himself from participating in item #6 as the spouse of a contractor to the California Children's Hospital Association, of which VCH is a member. Chair Morton passed the gavel to Member Oppenheim and left the boardroom.

Staff Member Ghods reported that VCH was seeking grant funds to reimburse the costs of equipment purchases and corresponding renovation costs associated with the installation and replacement of equipment. Equipment included but was not limited to surgical operating room tools, 140 Philips monitors, 14 transportable neonatal incubators, 19 infusion pumps, eight ultrasound machines with accessories, and one air handler unit. Staff reviewed the application provided and other submitted materials and determined that VCH's application satisfactorily met the six factors identified in Proposition 4.

Attendees (via teleconference): Tim Curley, Director, Public Policy & Advocacy and Tina Mycroft, Senior Vice President and Chief Financial Officer, Valley Children's Hospital.

Director Curley explained that VCH is the only pediatric healthcare network based in Central California and that the region serviced by VCH is faced with many challenges, including high rates of child poverty, critical healthcare workforce shortages, and a high percentage of Medi-Cal population. Director Curley indicated that nearly three quarters of VCH's pediatric patients are enrolled in Medi-Cal, and VCH is committed to providing access to the highest quality of care possible to all children regardless of the ability to pay. Director Curley encouraged everyone to come to VCH to see firsthand the services they provide.

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

Motion to approve Resolution No. CHP-4 2025-03 in an amount not to exceed \$11,185,581.54 for Valley Children's Hospital for the Children's Hospital Program of 2018 (Proposition 4), subject to the terms and conditions in the resolution.

SECOND: Member Benjamin

RECUSE:Member Morton

District Representative Hernandez thanked the Authority on behalf of Senator Padilla for the continued support of hospitals in Imperial County and the constituents of California District 18. After years of work stabilizing healthcare in the region, Senator Padilla helped to pass Assembly Bill 918 (AB 918) and was able to create the Imperial County Healthcare District alongside Assemblymember Garcia to lay the groundwork for a stronger unified healthcare system for constituents. The NDPH II loan had been a lifeline for hospitals that serve rural and underserved communities in California. AB 918 and the item before the board would help sustain the progress made and protect access to care for citizens.

Policy Director Corbin echoed the comments of Chair Morton and shared appreciation for CHFFA and the State Treasurer’s Office for their technical expertise and consistent support, as well as Treasurer Ma for dedicating attention to this critical resource allowing hospitals to provide access to care for underserved and isolated communities of California.

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

Authority Action

Motion to approve Resolution No. 2025-03 to delegate authority to the Executive Director or Deputy Executive Director to modify bridge loans under the Nondesignated Public Hospital Program II in accordance with statutory changes, provided any such modification are consistent with any statutes or regulations in effect.

MOTION: Member Hertzka

SECOND: Member Cherry

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

NOES:NONE

ABSTAIN:NONE

RECUSE:NONE

MOTION APPROVED

Item #8

County of Los Angeles (County)

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

Quarterly Update

Resolution No. MH 2014-06 (Information Item)

Staff Member Roodsari reported that in February 2018, the Authority approved a reinstatement of and an amendment to Resolution No. 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 240 beds in 15 new Crisis Residential Treatment Programs, to add eight beds in an expanded crisis stabilization unit, to establish 14 mobile crisis support teams, and to hire one clerical staff. Staff Member Roodsari reported the Authority required the County to provide quarterly updates detailing milestones achieved, progress and challenges related to the completion of the projects. The previous quarterly update was presented to the Authority on March 27, 2025.

Attendees (via teleconference): Damien Parker, Chief, Administrative Support Bureau, Los Angeles County Department of Mental Health.

Chief Parker reported that this was their last quarterly update as all projects were now open and operational. Chief Parker, on behalf of the County of Los Angeles and their constituents, thanked the Authority for the opportunity.

Chair Morton invited the County to return to a future board meeting to talk about challenges faced from accepting state funds to local implementation, as well as to share results that could be helpful when there are more funds and programs to assist local governments.

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

Items #9 and #10

Public Comment and Adjournment

Chair Morton asked for public comment. Hearing none, the meeting adjourned at 2:16pm.