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

August 28, 2025, 1:30 P.M.

OPEN SESSION

Deputy Treasurer Khaim Morton, Chair, called the meeting to order at 1:38 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
Guadalupe Manriquez for Joe Stephenshaw, Director, Department of Finance
Antonio Benjamin
Francisco Silva
Robert Cherry, M.D. (via remote attendance)
Robert Hertzka, M.D.
Keri Kropke, M.A., M.A., CCC-SLP

Members Absent: Katrina Kalvoda

Staff Present: Bianca Smith, Deputy Executive Director
Brock Lewis, Staff Services Manager II
Tyler Bui, Associate Governmental Program Analyst

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

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 July 31, 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 July 31, 2025 Authority meeting.

MOTION: Member Benjamin SECOND: Member Hertzka

AYES:............Members Silva, Hertzka, Cherry, Kropke, Benjamin, Manriquez, Oppenheim, Morton
NOES:............NONE
ABSTAIN:.....NONE
RECUSE:.......NONE

MOTION APPROVED

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

Bond Financings Delegation of Powers Update

Deputy Executive Director Smith reported that Sequoia Living, Inc. (formerly Northern California Presbyterian Homes and Services, Inc.) provided notice to the Authority of its intent to refund its CHFFA Series 2015 bonds (the Bonds) and requested CHFFA to execute a letter authorizing and directing for the purchase of U.S. Treasury Securities – State and Local Government Series (SLGS) and a Request and Certificate of the Authority regarding the redemption and defeasance of the Bonds and discharge of the bond indenture. After consultation with legal counsel, the Executive Director executed the letter authorizing the purchase of the SLGS and the Request and Certificate of the Authority on July 15, 2025.

Deputy Executive Director Smith reported that Lundquist Institute for Biomedical Innovation at Harbor-UCLA Medical Center (formerly Los Angeles Biomedical Research Institute at Harbor-UCLA Medical Center) provided notice to the Authority of its intent to extend the time period for delivery of its annual financial information in association with its CHFFA Series 2018 tax-exempt bonds and requested CHFFA to execute a First Amendment to the Loan Agreement. After consultation with legal counsel, the Executive Director executed the First Amendment to the Loan Agreement on July 18, 2025.

Distressed Hospital Loan Program (DHLP) Update

Deputy Executive Director Smith reported that Madera Hospital had received its full loan amount of $57,000,000 after a fourth and final disbursement of approximately $17 million on August 12, 2025 and pointed to an updated DHLP handout that listed the status of each DHLP loan. Deputy Executive Director Smith noted that out of the 16 loan recipients, a total of 13 loan modification applications had been submitted and subsequently approved for 12-month extensions. The three remaining distressed hospitals who had received DHLP loans had payments due in early 2026 and the Authority was anticipating receipt of their loan modification applications in the coming months.

Member Oppenheim asked whether Authority staff had found anything concerning during the review of modification applications and asked whether the modification applications would be continuing periodically. Member Benjamin asked for clarification regarding whether approved loan modifications provided forgiveness or deferral of debt service and the length thereof.

Deputy Executive Director Smith explained that all approved applications met at least one of the criteria required by the modification guidelines and confirmed that the Department of Finance and the Department of Healthcare Access and Information had also reviewed and approved each modification application. Deputy Executive Director Smith also clarified that approved loan modifications would forgive 12 months of payments, and further modification would require a new application every 12 months.

Member Oppenheim expressed appreciation to Authority staff for expediting disbursal of funds to California's distressed hospitals while also fulfilling the fiduciary responsibilities of the Authority.

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

Item #4 **PIH Health, Inc. (PIH), Whittier, Los Angeles County**
Tax-Exempt Equipment Financing Program
Resolution No. E-29 (Action Item)

Staff Member Bui reported that PIH requested Authority approval to issue tax-exempt equipment notes in an amount not to exceed $150,000,000. Note proceeds would be used to purchase and implement a new electronic medical record (EMR) system to replace an older system. The EMR would be a cloud-based application and would be utilized across all PIH facilities. Staff Member Bui added that there had been a recent increase in the number of borrowers coming to the Authority for financing through the Tax-Exempt Equipment Financing Program. Staff Member Bui highlighted the Tax-Exempt Equipment Financing Program as being similar to the Authority's Bond Financing Program with the exception that it is designated specifically for financing equipment such as medical and diagnostic equipment, computers, communication equipment, and minor equipment installation costs.

Attendees (in-person): Jenna Magan, Partner, Orrick, Herrington & Sutcliffe LLP.

Attendees (via teleconference): Vid Shivaraman, Chief Financial Officer and Mark Kawauchi, Vice President of Finance, PIH Health, Inc.

Chief Financial Officer Shivaraman gave an overview of the project and explained that note proceeds would be used to replace a 23-year-old EMR system. The proposed purchase of EPIC EMR would help to integrate various services across PIH facilities into a single platform, enhancing efficiency of clinical delivery.

Member Kropke acknowledged the dire need for expanded services in the Whittier area and asked about the $150,000,000 cost for the proposed software. Member Benjamin added that the cost of EMRs is generally made up of software licensing, hardware, and consulting services. Member Benjamin also asked how much of the funding would be for hardware.

Chief Financial Officer Shivaraman explained that EPIC EMR is the largest EMR on the market and integrates about 80 different products and applications, and also noted the cost for EPIC had gone down over the past decade. Chief Financial Officer Shivaraman explained that PIH uses about 75 different applications across various platforms and EPIC would streamline its operations. Chief Financial Officer Shivaraman indicated that approximately $80,000,000 of the cost would be used for licensing and implementation, $30,000,000 would be used for hardware upgrades, and the remaining $40,000,000 would be used for consulting services.

Member Oppenheim asked whether the one-time allocation would cover all costs for the lifetime of the system considering that licensing and consulting services comprised about $120,000,000 of the total requested amount of $150,000,000.

Chief Financial Officer Shivaraman assured the Authority that $150,000,000 would cover the ongoing cost of EPIC EMR and that no additional funding would be needed.

Member Silva, president of the California Primary Care Association, noted that the price was not surprising due to the high cost of implementing EMR systems and that EPIC EMR was very dominant within the market. Chair Morton asked if there were any additional questions or public comment; there were none.

Authority Action
Motion to approve Resolution No. E-29 in an amount not to exceed $150,000,000 for PIH Health, Inc. through the tax-exempt equipment financing program, subject to the terms and conditions in the resolution.

MOTION: Member Kropke SECOND: Member Silva

AYES: ....Members Silva, Hertzka, Cherry, Kropke, Benjamin, Manriquez, Oppenheim, Morton
NOES: ....NONE
ABSTAIN: .....NONE
RECUSE: ....NONE

MOTION APPROVED

Items #5 and #6 Public Comment and Adjournment

Chair Morton asked for public comment. Hearing none, the meeting adjourned at 2:06pm.