MINUTES

CALIFORNIA HEALTH FACILITIES FINANCING AUTHORITY (Authority or CHFFA)

915 Capitol Mall, Room 121
Sacramento, California 95814

Public Participation
Call-In Number: (866) 590-5055
Participant Code: 885114

July 30, 2026, 1:45 P.M.

OPEN SESSION

Deputy Treasurer Khaim Morton, Chair, called the meeting to order at 1:53 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 (joined at 1:56 P.M.) Robert Cherry, M.D. Robert Hertzka, M.D. Francisco Silva (joined at 1:54 P.M.)
Members Absent:	Katrina Kalvoda
Staff Present:	Carolyn Aboubechara, Executive Director Bianca Smith, Deputy Executive Director John Belmont, Supervisor I Rana Mayers, Analyst II Balpreet Chahal, Analyst I Deborah Alagbada, Analyst I

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 organizations for the record. Chair Morton asked that participants speak into their microphones. Chair Morton asked that any comments made during the public comment period be limited to two minutes per speaker.

Member Silva joined the meeting.

Item #2 **Approval of the Minutes from the June 25, 2026 Authority Meeting (Action Item)**

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

MOTION: Member Perrault SECOND: Member Hertzka

Authority Action
AYES:.............Members Silva, Hertzka, Cherry, Perrault, Oppenheim, Morton
NOES:.............NONE
ABSTAIN:......NONE
RECUSE:........NONE

MOTION APPROVED

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

Contract Delegation of Powers Update
Executive Director Aboubechara reported the Authority had entered into a contract with Orrick, Herrington & Sutcliffe LLP in an amount not to exceed $500,000 for legal services related to the Distressed Hospital Loan Program. The contract was effective July 1, 2026 through June 30, 2029 and was executed under delegated authority.

Member Benjamin joined the meeting.

Interagency Agreement Contract Delegation of Powers Update
Executive Director Aboubechara reported the Authority had amended the interagency agreement with the Department of Health Care Access and Information (HCAI) to extend the duration of the contract for the administration of the Distressed Hospital Loan Program. The amended contract was effective June 30, 2026 through June 30, 2029 and was executed under delegated authority. All other terms and conditions of the agreement would remain unchanged including the maximum contract amount of $3,050,821.

Distressed Hospital Loan Program (DHLP) Update
Executive Director Aboubechara pointed to a handout in the members' materials and reported that CHFFA and HCAI had approved nine out of 10 active applications for Loan Modification – Step 2, which is forgiveness of 12 months of loan payments. To date, $35.3 million of loan payments had been forgiven and $2.2 million in monthly repayments had been received. Three hospitals were continuing to make monthly payments.

Assembly Bill 109 (AB 109) was approved and signed by Governor Newsom with $190 million for a second round of funding under DHLP, but Senate Bill 111 (SB 111) rescinded the $190 million allocation from AB 109 and allocated nearly $90 million for HCAI to administer a grant program for distressed hospitals. Assembly Bill 1923 (AB 1923), mentioned at the June 25, 2026 Authority meeting, was a policy bill that proposed to replenish DHLP funds and proposed full forgiveness of existing loans. Executive Director Aboubechara stated that she would continue to update the Authority Board as AB 1923 progressed.

2025 CHFFA Annual Report
Executive Director Aboubechara reported that the 2025 CHFFA Annual Report was posted on the Authority's website. The report included information about all of CHFFA's programs and summarized all activities and accomplishments from the prior year.

Executive Director Aboubechara provided an overview of CHFFA's Commercial Paper Program, which was created in 2023 to provide short-term tax-exempt financing options of up to 270 days for borrowers with high credit ratings.

Executive Director Aboubechara reported that Authority members should have received the 2025 CHFFA Audit via email.

Member Oppenheim commended the Authority and Authority staff for a clean audit that yielded no findings as well as staff's excellent presentation of information in the 2025 CHFFA Annual Report. Member Oppenheim asked for clarification regarding the funding proposed by AB 1923.

Executive Director Aboubechara said that current amendments to AB 1923 did not include the previously proposed $190 million in funding for DHLP, but forgiveness of existing loans was still being considered.

Member Oppenheim asked whether HCAI's $90 million grant program for distressed hospitals would use the same criteria as DHLP.

Executive Director Aboubechara clarified that the grant program for distressed hospitals would be administered by HCAI and provided additional background on a similar program that HCAI administered recently.

Member Perrault thanked Authority staff for going above and beyond to prepare the 2025 CHFFA Annual Report.

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

Item #4 **Sutter Health (Sutter), Sacramento, Sacramento County**
Bond Financing Program
Resolution No. 472 (Action Item)

Staff Member Belmont reported that Sutter requested Authority approval to issue tax-exempt bonds in an amount not to exceed $1,600,000,000. Bond proceeds would be used to finance, including reimbursement for, the acquisition, construction, expansion, remodeling, renovation, furnishing and/or equipping of certain health facilities; refund all or a portion of the CHFFA 2016 Series B bonds; refinance a line of credit and/or commercial paper; finance working capital, as needed; and pay for certain costs of issuance related to the bonds, as needed.

Attendees (in person): Jonathan Ma, Executive Vice President, Chief Financial Officer; Joe Gregorich, Vice President, Government Relations, Sutter Health; and Brandon Dias, Partner, Orrick, Herrington & Sutcliffe LLP.

Attendee (via teleconference): Ben Klemz, Managing Director and Co-Head of NFP Healthcare Investment Banking, Jefferies LLC.

Executive Vice President Ma gave an overview of Sutter and its history with CHFFA. Executive Vice President Ma said Sutter intended to reinvest bond proceeds in a way that would help solve healthcare access challenges and lower wait times while maintaining transparency. Executive Vice President Ma said that in addition to Sutter's large acute care hospitals, Sutter was also present in rural communities.

Chair Morton thanked Sutter for working with CHFFA to expand access to healthcare, especially considering the current state of healthcare in the United States and the expected impacts of H.R 1.

Member Oppenheim emphasized Executive Vice President Ma's comments regarding transparency. Member Oppenheim acknowledged Sutter for being cognizant of H.R. 1 and the current unsustainable healthcare environment. Member Oppenheim expressed appreciation on behalf of Controller Cohen for Sutter's expansion of healthcare infrastructure to provide services that improve access to healthcare.

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

Authority Action
Motion to approve Resolution No. 472 in an amount not to exceed $1,600,000,000 for Sutter Health through the Bond Financing Program, subject to the terms and conditions in the resolution.

MOTION: Member Benjamin SECOND: Member Silva

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

MOTION APPROVED

Item #5 **Sutter Health, Sacramento, Sacramento County**
Commercial Paper Program
Resolution No. CP-02 (Action Item)

Staff Member Chahal reported that Sutter requested Authority approval to establish a tax-exempt commercial paper program to issue tax-exempt commercial paper notes in an aggregate amount not to exceed $200,000,000 at any one time. Tax-exempt commercial paper notes would be issued from time to time with maturities up of up to 270 days to fund, including reimbursement for, the acquisition, construction, expansion, remodeling, renovation, furnishing and/or equipping of certain Sutter facilities.

Attendees (in person): Jonathan Ma, Executive Vice President, Chief Financial Officer; Joe Gregorich, Vice President, Government Relations, Sutter Health; and Brandon Dias, Partner, Orrick, Herrington & Sutcliffe LLP.

Attendee (via teleconference): Ben Klemz, Managing Director and Co-Head of NFP Healthcare Investment Banking, Jefferies LLC.

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

Authority Action
Motion to approve Resolution No. CP-02 in an aggregate amount not to exceed $200,000,000 for Sutter Health for the Commercial Paper Program, subject to the terms and conditions in the resolution.

MOTION: Member Hertzka SECOND: Member Cherry

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

MOTION APPROVED

Item #6 **University of California Davis Medical Center (UCD),**
Sacramento, Sacramento County
Children's Hospital Program of 2008
Resolution No. CHP-3 2026-01 (Action Item)

Member Cherry recused himself from participating in Item #6 as an employee of the University of California. Member Cherry left the room.

Staff Member Alagbada reported that UCD was seeking Children's Hospital Program of 2008 (Proposition 3) grant funds to reimburse the costs of renovating, equipping, and furnishing the Davis Tower 6th Floor Pediatric Pharmacy (Pediatric Pharmacy) located on its Sacramento campus.

Equipment included lab station equipment, camera-assisted verification, and a pharmacy carousel and renovations were completed in March 2024. Staff reviewed the application and other submitted materials and determined that UCD's application satisfactorily met the six factors identified in Proposition 3.

Attendees (in person): Chad Hatfield, Vice President – Chief Pharmacy Officer and Matt Dulcich, Director of Facilities Planning, University of California Davis Medical Center.

Vice President Hatfield stated that UCD was prioritizing safety and security with the renovation of the Pediatric Pharmacy and that most pediatric pharmacy residents go on to practice in rural communities after completing their training at UCD.

Member Oppenheim thanked UCD for providing pediatric healthcare services statewide.

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

Authority Action

Motion to approve Resolution No. CHP-3 2026-01 in an amount not to exceed $3,475,440 for University of California Davis Medical Center for the Children's Hospital Program of 2008, subject to the terms and conditions in the resolution.

MOTION: Member Oppenheim SECOND: Member Benjamin

AYES: ....Members Silva, Hertzka, Benjamin, Perrault, Oppenheim, Morton
NOES: ....NONE
ABSTAIN: ......NONE
RECUSE: ....Member Cherry

MOTION APPROVED

Member Cherry returned.

Item #7 Redwoods Rural Health Center, Inc. (RRHC), Redway, Humboldt County
Healthcare Expansion Loan Program II (HELP II)
First Amendment and Restatement to Resolution No. HII-368 (Action Item)

Member Silva recused himself from participating in Item #7 as he is the president of the California Primary Care Association, of which RRHC is a member. Member Silva left the room for the remainder of the meeting.

Staff Member Mayers reported that the Authority previously approved Resolution No. HII-368 for RRHC on April 30, 2026 in an amount not to exceed $2 million to convert a newly purchased property into a medical and behavioral healthcare clinic. Staff Member Mayers stated that RRHC requested the Authority amend Resolution No. HII-368 to change the services provided from medical to medical and/or dental to address a projected need for dental services in the area. The proposed amendment would continue to address the healthcare needs of the community by expanding access to essential dental services at a time when such services were expected to become increasingly limited. The requested change was expected to have a minimal impact on the overall project scope and timeline.

Attendee (via teleconference): Cheri Swan, Executive Assistant, Redwoods Rural Health Center, Inc.

Executive Assistant Swan thanked the Authority for its support through the HELP II application process and for the opportunity to expand their services to medical and dental services for Humbolt County patients. Executive Assistant Swan noted the change in services offered to both medical and dental services is a response to growing demand for dental services in Fortuna and allows RRHC to pursue its broader goal of increasing access to healthcare services.

Chair Morton expressed appreciation to RRHC for paying attention to the real needs of the community and adjusting accordingly.

Member Cherry asked whether RRHC expected any challenges with recruiting dentists given the anticipated retirement of existing providers.

Executive Assistant Swan acknowledged that recruitment sometimes poses a challenge but that they already had success recruiting dentists and have been very fortunate with recruitment for RRHC's dental program.

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

Authority Action
Motion to approve a first amendment and restatement to Resolution No. HII-368 for Redwoods Rural Health Center, Inc. to amend the project description for its HELP II project. All other conditions in the Resolution shall remain the same and in full effect.

MOTION: Member Perrault SECOND: Member Cherry

AYES: ....Members Hertzka, Cherry, Benjamin, Perrault, Oppenheim, Morton
NOES: ....NONE
ABSTAIN: ......NONE
RECUSE: ....Member Silva

MOTION APPROVED

Items #8 and #9 Public Comment and Adjournment

Chair Morton asked if there were any additional questions or public comment. Hearing none, the meeting adjourned at 2:26 P.M.