

MINUTES

CALIFORNIA HEALTH FACILITIES FINANCING AUTHORITY (CHFFA or AUTHORITY)

915 Capitol Mall, Room 110
Sacramento, California 95814

300 S. Spring Street, Suite 8500
Los Angeles, California 90013

October 28, 2021 – 1:30 P.M.

Public Participation

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

OPEN SESSION

Audrey Noda, Chair, called the meeting to order at 1:30 P.M.

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

Item #1

Roll Call

Members Present: Via Microsoft Teams Meeting:
Audrey Noda for Fiona Ma, CPA, State Treasurer
Indira McDonald for Betty T. Yee, State Controller
Gayle Miller for Keely Martin Bosler, Director, Department of Finance
Antonio Benjamin (arrived at 1:52 P.M.)
Francisco Silva
Robert Cherry, M.D.
Katrina Kalvoda
Keri Kropke

Staff Present: Frank Moore, Executive Director
Carolyn Aboubechara, Deputy Executive Director
Bianca Smith, Staff Services Manager II
Rosalind Brewer, Staff Services Manager II
Anna Ramirez, Associate Governmental Program Analyst
Cory Mouhasseb, Associate Governmental Program Analyst
Eman Hariri, Associate Governmental Program Analyst
Kylie Stasko, Staff Services Analyst

Chair Noda declared a quorum present.

Chair Noda introduced Indira McDonald with the State Controller's Office.

Item #2

**Approval of the Minutes from the July 29, 2021
Authority Meeting (Action Item)**

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

Authority Action

Motion to approve the minutes from the July 29, 2021 Authority meeting.

MOTION: Member Miller

SECOND: Member Kalvoda

AYES:.....Members: Silva, Kalvoda, Miller, McDonald, Noda

NOES:.....NONE

ABSTAIN:.....Members: Cherry, Kropke

RECUSE:.....NONE

MOTION APPROVED.

Item #3

Executive Director’s Report (Information Item)

CHFFA Comprehensive Debt List Summaries

Mr. Moore reported on the Comprehensive and Equipment Debt List Summaries as of September 30, 2021.

Bond Delegation of Powers Monthly Update

Mr. Moore reported that there were no actions taken pursuant to the Bond Delegation of Powers Monthly Update.

HELP II Loan Program Delegation of Powers Monthly Update

Mr. Moore reported a Delegation of Powers report for Petaluma Health Center, Inc. (Petaluma). Mr. Moore reported that in July 2021, Petaluma applied for a new line of credit (LOC) with Poppy Bank. Petaluma requested: (1) that CHFFA subordinate its interest in all of Petaluma’s gross revenues and (2) that CHFFA consent to Petaluma’s request to increase the amount of its LOC and acquire additional debt. The Executive Director provided written consent to Petaluma to subordinate CHFFA’s interest in all of Petaluma’s gross revenues on July 28, 2021 and acquire additional debt on August 9, 2021.

HELP II Loan Program Debt Service Payment Deferrals

Mr. Moore presented a Delegation of Powers report for Progress House, Inc. (Progress House). Mr. Moore reported that Progress House requested a three-month deferral of its debt service payments for its HELP II loan totaling \$11,607.99 in deferred payments. The Executive Director approved the deferral request for Progress House on July 22, 2021.

Mr. Moore presented a Delegation of Powers report for Hart Community Homes, Inc. (Hart Homes). Mr. Moore reported that Hart Homes requested a three-month deferral of its debt service payments for its HELP II loan totaling \$20,184.75 in deferred payments. The Executive Director approved the deferral request for Hart Homes on February 8, 2021.

Contract Delegation of Powers Monthly Update

Mr. Moore reported that CHFFA entered into a new contract with TAP, International, Inc. in an amount not to exceed \$250,000 for financial analyst services. Mr. Moore reported that the contract is for the 2021/22 and 2022/23 fiscal years and includes a one-year option to renew for the 2023/24 fiscal year. The Executive Director executed the contract in July 2021.

Other Items

Mr. Moore reported that Treasurer Ma attended the Loma Linda University Children's Hospital grand opening on August 6, 2021 for the Dennis and Carol Troesch Medical Campus.

Mr. Moore reported that he and staff attended the groundbreaking ceremony for the Solano County Community Services Infrastructure Grant project.

Mr. Moore reported that at the July 29, 2021 Authority meeting an ad-hoc subcommittee was formed to look at the HELP II Loan Program's eligibility parameters. The subcommittee consisted of Authority Members Kalvoda and Silva. Staff met with the subcommittee on September 30, 2021. Mr. Moore stated they were presented with a potential new underserved criterion that would allow health facilities to apply for a HELP II loan if a facility's gross revenues were greater than \$40 million as long as the facility resided in urban areas, which were medically underserved. Data was presented on the number of health facilities that would be eligible for the program under the new criterion. Mr. Moore reported that in order to adopt this change, CHFFA would have to go to the Legislature to change the CHFFA Act. As a result, the subcommittee will not be recommending any additional eligibility criterion for the HELP II Loan Program. Mr. Moore stated that if any Authority members would like to agendaize this matter for a future meeting, he would be happy to do so.

Mr. Moore mentioned that the third funding round for the Investment in Mental Health Wellness Grant Program for Children and Youth was closing on October 29, 2021 and that there was approximately \$22.9 million in capital funding and \$1.1 million in personal funding available.

Mr. Moore stated that the Investment in Mental Health Wellness Grant Program quarterly update is typically presented in October, but because of the lengthy meeting agenda, it was decided to be presented at a future meeting.

Mr. Moore introduced a new CHFFA staff member, Erica Rodriguez.

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

Item #4

Cedars-Sinai Health System Bond Financing Program Resolution No. 446 (Action Item)

Ms. Ramirez reported a correction on page 5 of the agenda. The U.S. Bank National Association will not be the Trustee nor Master Trustee. The Bank of New York Mellon Trust Company, N.A. will now be the Trustee and Master Trustee.

Ms. Ramirez presented. Cedars-Sinai Health System requested Authority approval to issue tax-exempt bonds in an amount not to exceed \$1,600,000,000. Ms. Ramirez reported that bond proceeds would be used to finance the costs of the construction of the Cedars-Sinai Marina del Rey replacement hospital and to finance the improvement, renovation, and equipping of facilities at Cedars-Sinai Medical Center. Bond proceeds would also be used to refund various outstanding bonds of Torrance Memorial Medical Center and Huntington Hospital.

Attendees: (via teleconference) Edward Prunchunas, Executive Vice President and Chief Financial Officer; David Wrigley, Senior Vice President of Finance and Chief Financial Officer, Cedars-Sinai Health System, Borrower; Jenna Megan, Partner and Lina Thoreson, Of Counsel, Orrick, Herrington & Sutcliffe LLP, Bond Counsel; Steven Sohn, Senior Vice President, Kaufman, Hall & Associates, Borrower's Financial Advisor; and James Kim, Managing Director, Barclays Capital, Inc., Underwriter.

Mr. Prunchunas thanked the Authority and gave an overview of Cedars-Sinai Health System's projects.

Member Silva asked what would happen to the existing Marina del Rey Hospital that was being replaced.

Mr. Prunchunas responded that once the new replacement facility was completed, the existing hospital would be torn down and that the space would make room for possible future expansions.

Member Kalvoda asked if there were any energy efficiencies that would be built into the new replacement hospital.

Mr. Prunchunas responded that the new facility is expected to meet LEED Gold standards.

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

Authority Action

Motion to approve Resolution Number 446 for the Cedars-Sinai Health System in an amount not to exceed \$1,600,000,000, subject to the conditions in the resolution.

MOTION: Member Miller SECOND: Member Cherry

AYES:.....Members: Silva, Kalvoda, Cherry, Kropke, Miller, McDonald, Noda

NOES:.....NONE

ABSTAIN:.....NONE

RECUSE:.....NONE

MOTION APPROVED.

Item #5 **County of Los Angeles**
Investment in Mental Health Wellness Grant Program (First Funding Round)
Amendment to Resolution No. MH 2014-06 (Action Item)

Mr. Mouhasseb presented. The County of Los Angeles (County) requested Authority approval to amend its milestone deadline of being open and operational to September 30, 2022, to amend its milestone deadline to submit all disbursement documentation to October 31, 2022, and to

extend the resolution and grant period expiration dates to December 31, 2022. Mr. Mouhasseb reported that the County requested the milestones deadline extensions due to construction delays at the LAC-USC project site and potential furniture procurement delays for all of the project sites.

Attendees: (via teleconference) Jonathan Sherin, MD, PhD; Director, Gregory C. Polk, Chief Deputy Director; and Jo Ann Yanagimoto-Pinedo, Deputy Director, Strategic Initiatives, Los Angeles County Department of Mental Health.

Mr. Polk thanked the Authority and staff, gave an overview of the County's projects and provided additional information regarding the construction and procurement delays. Ms. Yanagimoto-Pinedo provided further explanation on the project delays.

Member Cherry asked how the County determined the September 2022 open and operational date.

Ms. Yanagimoto-Pinedo explained that the County has researched the supply chain and the shipping delays at the ports and also looked at alternative solutions in regard to the furnishings procurement. Additionally, Ms. Yanagimoto-Pinedo explained that Community Care Licensing was aware of the projects and had done preliminary walk-throughs to expedite the licensing process.

Member Kropke asked about the County's collaboration with the City of Los Angeles in assisting individuals with mental health issues and the referral process to their facilities for services.

Mr. Polk explained that field-based teams go out and seek individuals in need of mental health services, the County's housing authority links individuals who are in need of services and clients can come to the County's facilities through a referral process or as walk-ins.

Member Miller asked about the County's mobile health services and how the County was coordinating with California Advancing and Innovating Medi-Cal (CalAIM) services.

Mr. Polk explained that the County has 10 therapeutic transport vans that work in conjunction with the city and county fire departments, and the County is working to integrate CalAIM.

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

Authority Action

Motion to approve amendment to Resolution Number MH 2014-06 to amend the milestones and extend the resolution and grant period expiration dates. All other conditions in the resolution shall remain the same and in full effect.

MOTION: Member Kropke

SECOND: Member Miller

AYES:.....Members: Silva, Kalvoda, Cherry, Kropke, Miller, McDonald, Noda

NOES:.....NONE

ABSTAIN:.....Member Benjamin

RECUSE:.....NONE

MOTION APPROVED.

Item #6

County of Sonoma
Community Services Infrastructure Grant Program (First Funding Round)
Amendment to Resolution No. CSI 2019-07 (Action Item)

Ms. Hariri presented. The County of Sonoma (County) requested Authority approval to amend its milestone deadline of being open and operational to July 31, 2022, to amend its milestone deadline to submit all disbursement documentation to September 30, 2022, to extend the readiness, feasibility, and sustainability requirement deadline to January 31, 2022, and to extend the resolution and grant period expiration date to December 31, 2022. Ms. Hariri reported that the County’s extension request was due to the impact of the COVID-19 pandemic on County resources, multiple natural disasters, and the impact of community evacuations and closures on the housing market. Ms. Hariri stated that the County has currently identified two potential properties and would determine within the next two months if it can proceed with the purchase of one of them.

Attendees: (via teleconference) Sid McColley, Section Manager, Sonoma County Acute and Forensic Services.

Ms. McColley thanked the Authority, gave an overview of the County’s project and explained that the County was in the process of purchasing a property that was currently owned by another county department. The property identified was priorly used to house homeless people.

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

Authority Action

Motion to approve amendment to Resolution Number CSI 2019-07 to amend the milestones and extend the resolution and grant period expiration dates. All other conditions in the resolution shall remain the same and in full effect.

MOTION: Member Miller SECOND: Member Silva

AYES:.....Members: Silva, Kalvoda, Cherry, Kropke, Benjamin, Miller, McDonald,
Noda

NOES:.....NONE

ABSTAIN:.....NONE

RECUSE:.....NONE

MOTION APPROVED.

Item #7

County of Yolo
Community Services Infrastructure Grant Program (First Funding Round)
Amendment to Resolution No. CSI 2019-08 (Action Item)

Ms. Stasko presented. The County of Yolo (County) requested Authority approval to amend its milestone deadline of being open and operational to June 30, 2023, to amend its milestone deadline to submit all disbursement documentation to September 30, 2023, to extend the readiness, feasibility, and sustainability requirement deadline to November 30, 2022, and to extend the resolution and grant period expiration dates to December 31, 2023. Ms. Stasko reported that the County’s request was due to local community opposition to the proposed project locations as well as the COVID-19 pandemic impact on County resources.

Attendee: (via teleconference) Beth Gabor, Operations and Strategy Manager, Yolo County Probation Department.

Ms. Gabor gave an overview of the County’s project and the two properties identified for the Community Services Infrastructure Grant Program project.

Member Cherry asked if the project was pivoting away from Woodland because of the community opposition and if the County’s community outreach plan has changed after the encountered community opposition.

Ms. Gabor stated that the County would like to keep the projects in the two communities, which have the greatest need and that the County was still looking for properties while working on a community outreach plan that can be completed in a short time.

Member Kropke asked what the community outreach included and if the County knew about the group that opposed the program at the West Sacramento house.

Ms. Gabor stated that the West Sacramento house was previously purchased with Mental Health Services Act funds, and the property was intended to be repurposed for this grant. After the renovations were completed, the County held an open house, which ended abruptly due to the threatening nature of the opposition. It was decided that the location would not be safe for County staff nor clients.

Member Silva asked if the County budgets for outreach professionals to help with the plan.

Ms. Gabor stated that it had always been County staff doing community outreach.

Chair Noda mentioned that communication was very important with the Board of Supervisors and that marketing for a project like this was important.

Member Cherry added that hopefully the County and the Board of Supervisors would come to an agreement on a community outreach plan.

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

Authority Action

Motion to approve amendment to Resolution Number CSI 2019-08 to amend the milestones and extend the resolution and grant period expiration dates. All other conditions in the resolution shall remain the same and in full effect.

MOTION: Member Kropke SECOND: Member Miller

AYES:.....Members: Silva, Kalvoda, Cherry, Kropke, Benjamin, Miller, McDonald,
Noda

NOES:.....NONE

ABSTAIN:.....NONE

RECUSE:.....NONE

MOTION APPROVED.

Item #8

County of Solano

**Community Services Infrastructure Grant Program (Second Funding Round)
Amendment to Resolution No. CSI 2020-08 (Action Item)**

Ms. Stasko presented. The County of Solano (County) requested Authority approval to amend the milestone condition to be open and operational to January 31, 2023 and to extend the resolution and grant period expiration dates to June 30, 2023. Ms. Stasko reported that the County has encountered delays in the acquisition of the modular buildings due to a manufacturing backlog, along with construction delays due to COVID-19 pandemic related labor and material shortages in the construction industry. Ms. Stasko also reported that the County held a groundbreaking ceremony on October 5, 2021 and that the County had a revised construction completion deadline of September 30, 2022.

Attendee: (via teleconference) Emery Cowen, Deputy Director, Solano County Behavioral Health Services.

Ms. Cowen thanked the Authority and gave an overview of the County’s project.

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

Authority Action

Motion to approve amendment to Resolution Number CSI 2020-08 to amend the milestones and extend the resolution and grant period expiration dates. All other conditions in the resolution shall remain the same and in full effect.

MOTION: Member Miller

SECOND: Member Benjamin

AYES:.....Members: Kalvoda, Cherry, Kropke, Benjamin, Miller, McDonald, Noda

NOES:.....NONE

ABSTAIN:.....NONE

RECUSE:.....NONE

MOTION APPROVED.

Item #9

**Nondesignated Public Hospital Bridge Loan Program
Resolution No. 2021-04 (Action Item)**

Ms. Brewer presented. Staff requested Authority approval of the Nondesignated Public Hospital Bridge Loan Program (the Program) to adopt the Program guidelines and delegate authority to the Executive Director or the Deputy Executive Director to issue loans. The Authority is required to administer the Program and provide up to \$40,000,000 in General Fund working capital loans to eligible nondesignated public hospitals. Ms. Brewer reported that these loans are required to be paid back in two years. Until December 2020, nondesignated public hospitals participated in the Public Hospital Redesign and Incentives in Medi-Cal (PRIME) program, which provided incentive funding for patient care. Ms. Brewer reported that once PRIME shut down, these hospitals had to transition to the Quality Incentive Pool (QIP) program. The hospitals with PRIME were able to receive funding well within 90 days. However, QIP prolongs the funding for up to two years, which caused cash flow issues.

The Authority consulted with the District Hospital Leadership Forum to develop the guidelines. The Program guidelines defined a nondesignated public hospital as any hospital that is a district hospital that is owned by a district, or a city, not including the city/county of San Francisco. It also listed the 33 eligible hospitals in California.

Attendees: (via teleconference) Sherreta Lane, Senior Vice President of Finance and Policy and Nathan Davis, Senior Vice President of Finance, District Hospital Leadership Forum and Daniel R. Heckathorne, Chief Financial Officer, San Geronio Memorial Hospital.

Ms. Lane thanked the Authority and staff and gave an overview of how this Program would be beneficial to the hospitals.

Mr. Heckathorne also thanked the Authority and gave an overview of the hospital's financial needs, the impact of COVID-19, and the overall challenges of the hospital being in Banning, such as the terrain and accessibility to the hospital.

Member Kalvoda asked why San Francisco was not included in the list of nondesignated public hospitals.

Ms. Lane responded that Laguna Honda Hospital was part of the city/county of San Francisco but did not fall into the nondesignated public hospital category.

Member Cherry stated he was concerned with the smaller hospitals that may not be able to meet the QIP benchmarks; since QIP program funding was not guaranteed, what would happen if the nondesignated public hospitals were unable to repay the loans in two years when the Medi-Cal 20% intercepts took place.

Mr. Heckathorne responded that his hospital selected quality metrics for the QIP program that would provide attainable outcomes. His hospital was willing to take the calculated risks.

Ms. Lane added that all the hospitals tested the quality metrics carefully for the QIP program and were comfortable with the potential outcomes.

Member Silva asked how they came up with the scheduled maximum loan amounts for the different hospitals.

Ms. Lane responded that the maximum loan amounts in the first funding round were determined by a formula for each hospital that was based on forty percent of the total \$100,000,000 QIP program funds for the first year. The QIP program funds were determined by the hospitals' Medi-Cal revenues and the hospitals' incentive metrics.

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

Authority Action

Motion to approve Resolution Number 2021-04 to establish the Nondesignated Public Hospital Bridge Loan Program.

MOTION: Member Cherry

SECOND: Member Silva

AYES:.....Members: Silva, Kalvoda, Cherry, Kropke, Benjamin, Miller, McDonald, Noda

NOES:.....NONE

ABSTAIN:.....NONE

RECUSE:.....NONE

MOTION APPROVED.

**Item #10 Interagency Agreement with the California Educational Facilities Authority
Resolution No. 2021-05 (Action Item)**

Ms. Brewer presented. Ms. Brewer gave an overview of the new interagency agreement with the California Educational Facilities Authority, CHFFA 03-21, in an amount not to exceed \$1,350,000 for support services.

Attendees: None

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

Authority Action

Motion to approve Resolution Number 2021-05 to enter into a three-year new interagency agreement with CEFA, CHFFA 03-21.

MOTION: Member Miller

SECOND: Member Kropke

AYES:.....Members: Silva, Kalvoda, Cherry, Kropke, Benjamin, Miller, McDonald, Noda

NOES:.....NONE

ABSTAIN:.....NONE

RECUSE:.....NONE

MOTION APPROVED.

**Item #11 Children’s Hospital Program of 2018,
Community Services Infrastructure Grant Program,
and Investment in Mental Health Wellness Grant Program for Children and Youth
Resolution Nos. 2021-06, 2021-07, and 2021-08 (Action Item)**

Ms. Smith presented. Staff requested Authority approval to amend the current regulations for the Children’s Hospital Program 2018 (CHP 2018 Program), the Community Services Infrastructure Grant Program (CSI Program), and the Investment in Mental Health Wellness Grant Program for Children and Youth (CY Program) to require the online submission of all grant applications. Ms. Smith stated that the current regulations for all three programs require the submission of a written application that can be mailed, delivered in person, or emailed as a Portable Document Format to the Authority to apply for grant funds, and that staff has acquired and implemented a new online application and grant management platform that would allow staff to track and manage all aspects of each grant.

Attendees: None

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

Authority Action

Motion to approve Resolution Numbers 2021-06, 2021-07, and 2021-08, approving the proposed amendments to the CHP 2018 Program, the CSI Program, and the CY Program regulations authorizing rulemaking proceedings.

MOTION: Member Miller

SECOND: Member Kalvoda

AYES:.....Members: Silva, Kalvoda, Cherry, Kropke, Benjamin, Miller, McDonald,
Noda

NOES:.....NONE

ABSTAIN:.....NONE

RECUSE:.....NONE

MOTION APPROVED.

Items #12 and #13

Public Comment and Adjournment

Chair Noda asked for public comment. Hearing none, the meeting adjourned at 3:03P.M.