

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 29, 2026, 1:30 P.M.

OPEN SESSION

Treasurer Fiona Ma, 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: Fiona Ma, State Treasurer
Khaim Morton for Fiona Ma, State Treasurer (joined at 2:15 P.M.)
David Oppenheim for Malia Cohen, State Controller
Mary Halterman for Joe Stephenshaw, Director, Department of Finance
Francisco Silva
Robert Cherry, M.D. (left at 3:08PM)
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
Sondra Jacobs, Supervisor II
Rana Mayers, Analyst II
Leily Ghods, Analyst II
Tyler Bui, Analyst II
Adam Freudenberg, Analyst II
Careen Prince, Analyst I
Layly Roodsari, Analyst I
Christina Obien, Analyst I
Andrew Arroyo, Analyst I

Chair Ma declared a quorum present in person. Chair Ma 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 Ma asked that participants speak into their microphones.

Item #2

**Approval of the Minutes from the December 11, 2025 Authority Meeting
(Action Item)**

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

Authority Action

Motion to approve the minutes from the December 11, 2025 Authority meeting.

MOTION: Member Kropke SECOND: Member Silva

AYES:Members Silva, Hertzka, Cherry, Kropke, Halterman, Oppenheim, Ma

NOES:NONE

ABSTAIN:NONE

RECUSE:NONE

MOTION APPROVED

Item #3

Executive Director’s Report (Information Item)

Investment in Mental Health Wellness Grant Program for Children and Youth

(CY Program) Delegation of Powers Update

Executive Director Aboubechara reported that the County of Santa Cruz (County) requested Authority approval to extend the milestone condition deadlines of being open and operational from December 31, 2025 to March 1, 2026 and of submitting all disbursement documentation from January 31, 2026 to April 1, 2026 for both of its CY Program projects (Projects). The County’s grant periods and resolution expiration dates for both grants was June 30, 2026. The County confirmed that construction for the facility was complete and a service provider contract was approved, but additional time was needed to obtain a Children’s Crisis Residential Program license and Medi-Cal certification. The County reported that it anticipates both Projects will be open and operational by March 1, 2026. After consultation with legal counsel, the Executive Director executed the milestone condition extensions on December 18, 2025.

Nondesignated Public Hospital Bridge Loan Program II (NDPH II) Update

Executive Director Aboubechara reported that there were nine hospitals that received loans under NDPH II totaling \$40 million, six of which had repaid the loans in full. The three hospitals with outstanding loans were El Centro Regional Medical Center, Palo Verde Hospital (Palo Verde), and Palomar Health. Assembly Bill 102 (2025) and Assembly Bill 104 (2025) passed, which allowed all three hospitals to begin making monthly payments over two years instead of a one-time balloon payment. To date, two of the hospitals have each made two monthly loan payments. Palo Verde filed for bankruptcy, and the Authority was working with legal counsel to navigate the bankruptcy proceedings.

Distressed Hospital Loan Program (DHLP) Update

Executive Director Aboubechara pointed to a handout in the members’ materials and reported that of the 16 hospitals that received DHLP loans, 15 hospitals had applied for Loan Modification – Step 1, 12-month extension of payment deferral period and maturity date. Hazel Hawkins Memorial Hospital (Hazel Hawkins) did not apply for Step 1 and is expected to begin making monthly debt service payments in February 2026. Additionally, applications for Loan Modification – Step 2, forgiveness of debt service payments for 12 months, was opened in January 2026 to hospitals that were approved and completed Loan Modification – Step 1.

Member Silva asked about the terms of the DHLP loan.

Executive Director Aboubechara explained that the interest rate for DHLP loans was 0%.

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

Vice President Abe stressed the importance of the proposed project and said that RCHSD's current Emergency Department was serving more patients than it was built for. Vice President Abe said that the Operating Room would be directly above the Emergency Department, allowing for faster service.

Member Silva asked whether RCHSD faced any issues with state seismic requirements, and Vice President Abe confirmed that one of the primary drivers of the project was to update the building to meet new seismic requirements.

Member Oppenheim expressed support for the project on behalf of the State Controller's Office.

Chair Ma thanked California voters for their generous support of healthcare for young people.

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

Authority Action

Motion to approve Resolution No. CHP-4 2026-01 in an amount not to exceed \$135,000,000 for Rady Children's Hospital San Diego for the Children's Hospital Program of 2018 (Proposition 4), subject to the terms and conditions in the resolution.

MOTION: Member Silva SECOND: Member Kropke

AYES:Members Silva, Cherry, Kropke, Halterman, Oppenheim, Ma

NOES:NONE

ABSTAIN:NONE

RECUSE:Member Hertzka

MOTION APPROVED

Member Hertzka returned.

Item #6

**NorthBay Healthcare Corporation and
NorthBay Healthcare Group (together NorthBay), Fairfield, Solano County
Tax-Exempt Equipment Financing Program
Resolution No. E-30 (Action Item)**

Staff Member Prince reported that NorthBay requested Authority approval to issue tax-exempt equipment notes in an amount not to exceed \$50,000,000. Note proceeds would be used to fund the acquisition, implementation, and installation of an enterprise-wide Epic electronic health record (EHR) system, including related software licenses, hardware, interfaces, data migration, training, and implementation costs.

Attendee (via teleconference): Hardy Gumnor, Director of Treasury; Christopher Timbers, Senior Vice President, Chief Information Officer; Brian Richerson, Vice President, Controller, NorthBay Health; and Robyn Helmlinger, Partner, Orrick, Herrington & Sutcliffe LLP.

Director of Treasury Gumnor said that while NorthBay has historically accessed capital financing through other conduit issuers, NorthBay viewed CHFFA as an excellent long-term partner moving forward. Chief Information Officer Timbers said that the Epic EHR was more like a core operating system, and it would replace 16 other systems, allowing for efficiency in multiple areas. Chief Information Officer Timbers said that the improved efficiency of the new system would effectively pay for the upgrade in about three and a half years.

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

Authority Action

Motion to approve Resolution No. E-30 in an amount not to exceed \$50,000,000 for NorthBay Healthcare Corporation and NorthBay Healthcare Group through the tax-exempt equipment financing program, subject to the terms and conditions in the resolution.

MOTION: Member Cherry SECOND: Member Hertzka

AYES:Members Silva, Hertzka, Cherry, Kropke, Halterman, Oppenheim, Ma

NOES:NONE

ABSTAIN:NONE

RECUSE:NONE

MOTION APPROVED

**Item #7 California Family Life Center (CFLC), Hemet, Riverside County
Healthcare Expansion Loan Program II (HELP II)
Resolution No. HII-367 (Action Item)**

Staff Member Bui reported that CFLC requested Authority approval of a HELP II loan in an amount not to exceed \$800,000. Loan proceeds would be used to finance the purchase of a residence located in Riverside County to be used for the relocation of one of CFLC’s currently leased Short-Term Residential Therapeutic Program (STRTP) facilities.

Attendee (via teleconference): Mary Jo Ramirez, Executive Director; Sheila Stephenson, Short-Term Residential Therapeutic Programs Director; and Elena Nadih, Fiscal Director, California Family Life Center.

Program Director Stephenson said that the industry was moving towards smaller, home-like settings. Program Director Stephenson said that CFLC currently operates two other such homes and moving this facility from 16 to six beds would improve efficiency and sustainability. Program Director Stephenson explained some of the steps to be completed following approval of the loan request.

Chair Ma mentioned proposed legislation that would raise the limit from six to 10 beds and asked about CFLC’s needs.

Program Director Stephenson said that in a home-like environment such as CFLC’s proposed STRTP facility, too many beds would create too much chaos.

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

Authority Action

Motion to approve Resolution No. HII-367 for a HELP II loan in an amount not to exceed \$800,000 for California Family Life Center, subject to the terms and conditions in the Resolution.

MOTION: Member Oppenheim SECOND: Member Kropke

AYES:Members Silva, Hertzka, Cherry, Kropke, Halterman, Oppenheim, Ma

NOES:NONE

ABSTAIN:NONE

RECUSE:NONE

MOTION APPROVED

County of Humboldt (County)
Investment in Mental Health Wellness Grant Program for Children and Youth
(Second and Fifth Funding Rounds)
Third Amendment and Restatement to Resolution No. CY 2021-02 and
Second Amendment and Restatement to Resolution No. CY 2023-01 (Action Item)

Staff Member Roodsari reported that the County requested Authority approval to amend the milestone conditions and extend the grant periods and resolution expiration dates for its Investment in Mental Health Wellness Grant Program for Children and Youth (CY Program) projects (Projects). Two grants were awarded through the CY Program that combined would fund the purchase and renovation of a 12-bed crisis residential treatment (CRT) facility in Humboldt County.

The County would not be able to meet the milestone condition deadlines of being open and operational by February 28, 2026 and of submitting all disbursement documentation by March 31, 2026 for both of its CY Program Projects because the County and Sorrel Leaf Healing Center, the County's non-profit designated grantee (Designated Grantee), need additional time to complete construction, hire staffing, and obtain its Children's Crisis Residential Program (CCRP) license.

Approximately 87% of construction for the Project's main facility has been completed, and additional time is required to finalize painting, flooring, interior finishes, and courtyard improvements. Construction was temporarily paused beginning October 31, 2025 due to the exhaustion of available liquidity. Since then, Authority staff has approved an advance on the construction contract and reimbursement of construction costs in the amount of \$1,398,051.80 from the first grant, and \$1,440,157.53 from the second grant, and the disbursement is expected to be received by the Grantee by January 30, 2026. The Designated Grantee has confirmed arrangements will be made with the construction contractor to resume construction once the disbursement is received.

The County also needs additional time to obtain its CCRP license, which it is actively working towards obtaining. The CCRP licensure is a requirement of the CY Program and necessitates sign offs from the California Department of Health Care Services and the Department of Social Services. The amount of time needed to obtain a CCRP license is still undetermined due to the fact that no CY Program CRT project has obtained licensing as of yet.

The County requested to amend the milestone condition deadlines of being open and operational from February 28, 2026 to May 31, 2027 and of submitting all disbursement documentation from March 31, 2026 to November 30, 2027 for both resolutions. The County also requested to extend the grant period and resolution expiration dates from June 30, 2026 to November 30, 2028 for both resolutions. The requested extensions would allow sufficient time for the County to complete construction, obtain CCRP licensing, become open and operational, and submit all disbursement documentation. The requested extensions also considered additional construction and/or administrative delays.

Attendees (via teleconference): Winston Grady, Administrative Analyst, Humboldt County Department of Health & Human Services; and Shireen Varga, Executive Director, Sorrel Leaf Healing Center.

Executive Director Varga explained the Designated Grantee's goal is to prevent youth in Humboldt County from falling through the cracks and having to travel five hours for mental healthcare.

Chair Ma asked how many youth patients were being served at a time.

Executive Director Varga said that the Projects included 12 youth beds.

Member Kropke asked about the average experience for youth entering CRT facilities.

AYES:Members Silva, Hertzka, Cherry, Kropke, Halterman, Oppenheim, Morton
NOES:NONE
ABSTAIN:NONE
RECUSE:NONE
MOTION APPROVED

Item #11

**Delegation Resolution for Loan Financings
Resolution No. 2026-02 (Action Item)**

Staff Member Obien presented the request to approve Resolution No. 2026-02 to authorize the delegation of certain powers and actions related to loan financings to the Chair, any deputy to the Chair, the Executive Director, and the Deputy Executive Director (each, an Authorized Person). The previous delegation resolution, Resolution No. 2023-07, will be repealed on January 31, 2026. Resolution No. 2026-02 has a repeal date of February 29, 2028 and delegates the same authority and duties as the previous delegation resolution with one substantive change: the proposed delegation resolution includes the addition of Section 9, which authorizes any Authorized Person, on a case-by-case basis, to grant limited temporary waivers or extensions of certain financial reporting or compliance requirements under the applicable loan documents, provided that (1) the waiver or extension is required for auditing purposes; (2) the borrower is current on all loan repayments, and (3) the waiver or extension does not modify any material term of the loan, forgive indebtedness, or impair the Authority’s security or enforcement rights. Any waiver or extension granted pursuant to Section 9 of Resolution No. 2026-02 must be administrative in nature and exercised solely to facilitate continued compliance with the applicable loan program. The Authority will review the nature of each request to determine the appropriate timeframe, with any approved waiver or extension limited to a maximum of one year.

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

Authority Action

Motion to approve Resolution No. 2026-02 to authorize the delegation of certain powers related to loan financings to the Chair, any deputy to the Chair, the Executive Director, and the Deputy Executive Director.

MOTION: Member Silva SECOND: Member Cherry

AYES:Members Silva, Hertzka, Cherry, Kropke, Halterman, Oppenheim, Morton
NOES:NONE
ABSTAIN:NONE
RECUSE:NONE
MOTION APPROVED

Item #12

**Delegation Resolution to Enter into Contracts
Resolution No. 2026-03 (Action Item)**

Staff Member Arroyo presented the request to approve Resolution No. 2026-03 to authorize the delegation of certain powers and actions related to contracts and interagency agreements for amounts not to exceed \$500,000 to the Chair, any deputy to the Chair, the Executive Director, the Deputy Executive Director, and any specified designee of the Executive Director on behalf of the Authority. The previous delegation resolution, Resolution No. 2023-08, will be repealed on January 31, 2026. Resolution No. 2026-01 has a repeal date of February 29, 2028 and delegates the same authority and duties as the previous delegation resolution.

Member Oppenheim asked about the timing of the expiration of delegation resolutions.

Executive Director Aboubechara clarified that the proposed delegation resolutions would expire during the month of February rather than January of each year.

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

Authority Action

Motion to approve Resolution No. 2026-03 to authorize the delegation of certain powers related to contracts and interagency agreements not to exceed \$500,000 to the Chair, any deputy to the Chair, the Executive Director, the Deputy Executive Director, and any specified designee of the Executive Director.

MOTION: Member Cherry

SECOND: Member Kropke

AYES:Members Silva, Hertzka, Cherry, Kropke, Halterman, Oppenheim, Morton

NOES:NONE

ABSTAIN:NONE

RECUSE:NONE

MOTION APPROVED

Item #13

**ImpowerDent SurgiCenters INC. (Grantee)
Specialty Dental Clinic Grant Program (Program)
Project Status Update and Discussion of Actions Taken in Connection with
a Grant Agreement in an Amount Not to Exceed \$5,000,000
Resolution No. SDC 2025-07 (Information Item)**

Staff Member Jacobs presented the project status update for Resolution No. SDC 2025-07 and gave a summary of Program guidelines. Staff Member Jacobs stated that the Grantee made a public comment at the January 29, 2026 Authority meeting requesting the Authority approve the Grantee's first disbursement request to support the facility acquisition, construction and renovation, and equipment purchase. Staff Member Jacobs explained that Authority staff are not able to disburse grant funds until the Grantee fulfilled the readiness, sustainability, and feasibility requirements of the Program and that the Grantee has not submitted the necessary documentation, including but not limited to proof of leverage funding and a plan to sustain the program for the statutory requirement of 10 years.

Chair Morton asked whether other grantees under the Program have been able to provide proof of leveraged funding and asked Authority staff to elaborate on the difference between eligible and non-eligible items.

Staff Member Jacobs confirmed that staff had received proof of leveraged funding from other Program grantees and explained that the Program is designed for tangible infrastructure expenses. Executive Director Aboubechara explained that according to the grant agreement, tangible infrastructure purchased using Program grant funds should not need to be replaced before the end of its respective useful life.

Chair Morton asked whether grant funds could be used as leverage.

Executive Director Aboubechara said that staff was looking into a proposal from the Grantee to determine sufficiency, specifically in relation to the statutory feasibility and sustainability requirements, which require due diligence on behalf of staff to ensure that a funded project is able to succeed and remain open for the foreseeable future.

Chair Morton commented that current budget cuts add additional stress in terms of sustainability.

Member Oppenheim asked Authority counsel to clarify on the nature and impact of a complaint to the Attorney General's Office involving the Grantee.

Authority counsel said that the documents were public records and provided a brief explanation of the difference between a nonprofit corporation and a for-profit corporation. Authority counsel said there was a concern over sufficiency of corporate action and a dispute between directors and a sole member of the corporation. Authority counsel emphasized that the complaints were allegations and not proof of wrongdoing and added that when there are such disputes, usually one would pause until it can be established that the corporate actions being taken are duly authorized to reduce the risk of failure. Authority counsel said there was no notion of staff taking any side in the dispute and said staff just needed further time and information to determine the best course of action.

Member Silva asked for further clarification on proof of leverage funding, feasibility requirements, sustainability requirements, and concerns regarding eligible expenses.

Executive Director Aboubechara said that proof of leverage funding was for the feasibility requirement of the Program, which requires staff to have documentation showing funding sources for every cost associated with a project to ensure completion. Executive Director Aboubechara said that the sustainability requirement involves supporting documentation showing that a grantee also has sufficient sources to operate a project for at least 10 years. Supporting documentation from grantees for the sustainability requirement include an operating budget, a detailed explanation of how a grantee will secure revenues to cover expenses, and a guarantee that 50% of a project's caseload would be for Medi-Cal patients. Executive Director Aboubechara said that due to potential changes to Medi-Cal, Authority staff were also reaching out to Program grantees to ensure they could still meet that required Medi-Cal caseload. Executive Director Aboubechara also elaborated on the readiness requirement of the Program.

Executive Director Aboubechara said it was not uncommon for grantees under various programs to submit ineligible expenses for reimbursement, and that is why staff performs due diligence to determine whether funds are eligible or ineligible. Grant funds cannot be disbursed until after agreements and sufficient supporting documentation are provided by grantees, and disbursements are done in incremental steps with the understanding that many projects cannot be completed all at once.

Member Cherry asked when supporting documentation was expected to be submitted and asked how sustainability could be assessed for a new organization such as the Grantee.

Staff Member Jacobs said that staff had received an appraisal and buyer's estimated statement from the Grantee, but staff was still waiting on proof of leverage funding, which the Grantee was continuing to look for. Executive Director Aboubechara said that Authority staff were having internal conversations to determine what type of proof would be sufficient to show that the Grantee was on a path towards success, such as a feasibility study. Executive Director Aboubechara said that while the Grantee was the only new nonprofit under the Program, in other situations, new nonprofits have been able to show Authority staff concrete supporting documentation.

Chair Morton asked if there were any additional questions or public comment.

Public Commenter (in-person): Dr. Maxmillian Chambers, President, ImpowerDent Surgi Centers.

President Chambers elaborated on the Grantee's need for additional time to find a financial partner, which had been done.

Member Kropke said that the Grantee finding a financial partner had not been mentioned previously.

Chair Morton asked for clarification regarding upcoming Program deadlines.

Executive Director Aboubechara said that Program guidelines included deadlines to be Ready, Feasible, and Sustainable and explained that the Grantee's deadline is August 27, 2026.

Member Silva said that 15 years ago, community health centers had limited financing options, but could now go through traditional financing vehicles. Member Silva expressed a desire to look at what the Authority could do to move forward within the boundaries set by policy.

Member Oppenheim said that existing Program guidelines and conditions should remain in place for the current funding round but added that he would possibly support changes for future funding rounds. Chair Morton asked Authority staff to present an action item with possible options at the next Authority meeting.

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

Items #14 and #15

Public Comment and Adjournment

Chair Morton asked if there were any additional questions or public comment. Hearing none, the meeting adjourned at 3:27 P.M.