

California Health Facilities Financing Authority

Nondesignated Public Hospital Bridge Loan Program II

(Authority and Reference: Items of Appropriation 0977-101-0001,
Section 2.00, Chapter 43, Statutes of 2022)

GUIDELINES

Section 1. Definitions

The following definitions shall apply wherever the terms are used herein.

- (a) “Applicant” means a Nondesignated Public Hospital that meets the eligibility requirements specified in Section 3.
- (b) “Application” means an emailed or online request for a loan under the Program and all other supporting documents, as described in Section 4.
- (c) “Authority” means the California Health Facilities Financing Authority.
- (d) “Executive Director” means the Executive Director of the Authority.
- (e) “Funding Round” means the time period during which Applications may be submitted for consideration of a loan, as specified in Section 5.
- (f) “Loan and Security Agreement” means the Loan and Security Agreement specified in Section 8.
- (g) “Loan Recipient” means a Nondesignated Public Hospital that has been approved to receive a Program loan from the Program.
- (h) “Medi-Cal Checkwrite” means a system operated by the State Department of Health Care Services that processes payments to providers of medical care to Medi-Cal certified eligible beneficiaries.
- (i) “Nondesignated Public Hospital” means a public hospital as defined in Welfare and Institutions Code section 14105.98, subdivision (a), paragraph (25), excluding designated public hospitals, and as listed in Section 3.
- (j) “Program” means the Nondesignated Public Hospital Bridge Loan Program II.
- (k) “Working Capital” means working capital as defined in Government Code section 15432, subdivision (h).

Section 2. Eligibility and Eligible Use of Loan Proceeds

- (a) An Applicant shall be eligible to apply for a Program loan if both of the following conditions are met:
 - 1) The Applicant is a Nondesignated Public Hospital.
 - 2) The loan proceeds shall be used for the sole purpose of Working Capital to support its operations.

Section 3. Guaranteed and Maximum Loan Amounts and Funding Rounds

a) For the first Funding Round, the guaranteed and maximum Program loan amounts for each Nondesignated Public Hospital are as follows:

	Nondesignated Public Hospital	Guaranteed Loan Amount	Maximum Loan Amount
1	Antelope Valley Hospital/Antelope Valley Healthcare District	\$2,811,290	\$7,124,257
2	Bear Valley Community Hospital/Bear Valley Community Healthcare District	\$340,890	\$863,859
3	Eastern Plumas Health Care/Eastern Plumas Health Care District	\$326,030	\$826,214
4	El Camino Hospital/El Camino Health Mountain View Campus	\$1,192,420	\$3,021,800
5	El Centro Regional Medical Center/City of El Centro	\$2,296,310	\$5,819,199
6	Hazel Hawkins Memorial Hospital/San Benito Healthcare District	\$1,252,960	\$3,175,208
7	Jerold Phelps Community Hospital/Southern Humboldt Community Healthcare District	\$511,170	\$1,295,380
8	John C. Fremont Healthcare District	\$551,620	\$1,397,883
9	Kaweah Delta Medical Center/Kaweah Health Medical Center	\$3,993,950	\$10,121,293
10	Kern Valley Healthcare District	\$601,680	\$1,524,754
11	Lompoc Valley Medical Center	\$2,062,100	\$5,225,694
12	Mammoth Hospital/Southern Mono Healthcare District	\$1,083,700	\$2,746,265
13	Marin General Hospital/MarinHealth Medical Center	\$1,384,120	\$3,507,576
14	Mayers Memorial Hospital/Mayers Memorial Hospital District	\$331,320	\$839,613
15	Modoc Medical Center/Last Frontier Healthcare District	\$313,400	\$794,217
16	Mountains Community Hospital/San Bernardino Mountains Community Hospital District	\$770,520	\$1,952,625
17	Northern Inyo Hospital/Northern Inyo Healthcare District	\$497,230	\$1,260,050
18	Oak Valley District Hospital/Oak Valley Hospital District	\$2,045,800	\$5,184,373
19	Palo Verde Hospital/Palo Verde Healthcare District	\$300,000	\$760,247
20	Palomar Pomerado Health/Palomar Health/Palomar Medical Center	\$3,478,510	\$8,815,092
21	Pioneers Memorial Hospital/Pioneers Memorial Healthcare District	\$1,527,340	\$3,870,529
22	Plumas District Hospital/Plumas Hospital District	\$300,000	\$760,247

	Nondesignated Public Hospital	Guaranteed Loan Amount	Maximum Loan Amount
23	Salinas Valley Memorial Hospital/Salinas Valley Memorial Healthcare System	\$2,430,350	\$6,158,879
24	San Geronio Memorial Hospital/San Geronio Memorial Healthcare District	\$1,073,490	\$2,720,382
25	Seneca Healthcare District	\$300,000	\$760,247
26	Sierra View District Hospital/Sierra View Local Health Care District	\$1,472,590	\$3,731,787
27	Sonoma Valley Hospital/Sonoma Valley Healthcare District	\$307,450	\$779,133
28	Southern Inyo Hospital/Southern Inyo Healthcare District	\$300,000	\$760,247
29	Surprise Valley Community Hospital/Surprise Valley Health Care District	\$300,000	\$760,247
30	Tahoe Forest Hospital/Tahoe Valley Hospital District	\$994,330	\$2,519,788
31	Tri-City Medical Center/Tri-City Hospital District	\$2,405,440	\$6,095,752
32	Trinity Hospital/Mountain Communities Healthcare District	\$300,000	\$760,247
33	Washington Hospital-Fremont/Washington Township Healthcare District	\$2,143,990	\$5,433,211
	Total	\$40,000,000	\$101,366,295

b) Loan amounts for the first Funding Round shall be determined as follows:

(1) An Applicant may request a loan up to the amount specified in the column titled Maximum Loan Amount. The Applicant shall only be initially entitled to receive up to the amount as specified in subdivision (a) in the column titled Guaranteed Loan Amount.

(2) If the cumulative sum of the Guaranteed Loan Amounts or any lesser amounts requested from all Applicants that applied in the first Funding Round is less than the \$40,000,000 available for Program funding, Authority staff shall calculate how much in moneys remain to distribute to first Funding Round Applicants that applied for more than their Guaranteed Loan Amount using the following calculation:

(A) Authority staff shall total the first Funding Round amounts requested from Applicants that applied for more than their Guaranteed Loan Amounts. The proportionate share percentage for each Applicant shall be calculated by dividing the individual Guaranteed Loan Amount by the total of all Guaranteed Loan Amounts from those Applicants in the first Funding Round that applied for more than their Guaranteed Loan Amount.

(B) The proportionate share percentage is multiplied by the amount of loan proceeds remaining in the Program to determine the additional funding each Applicant may receive in the first Funding Round.

- c) An Applicant shall not receive more than the Maximum Loan Amount listed above in subdivision (a) during the first Funding Round.
- d) If moneys remain after the first Funding Round, a second Funding Round shall commence, and moneys shall be awarded without regard to previous Maximum Loan Amounts and distributed based on the same proportionate share methodology as used during the first Funding Round in subdivision (b), paragraph (2).
- e) A second Funding Round Applicant's full Guaranteed Amount shall also be considered for the proportionate share percentage calculation and not the actual amount received during the first Funding Round.

Section 4. Loan Application

(a) The Application, CHFFA Form No. CHFFA 12 NDPH II-01, incorporated herein by reference, shall be made available on the Authority's website at www.treasurer.ca.gov/chffa.

(b) Each Application shall include all of the following:

(1) Name and title of the person to be designated by the Applicant's board to sign Program loan documents if financing is approved.

(2) Copy of the current applicable State of California operating license.

(3) A signed Application Agreement that includes all of the following:

(A) Applicant agrees that to the best of its knowledge, the information contained in the Application and the accompanying supplemental materials are true and accurate. The Applicant further understands that misrepresentation may result in the cancellation of the loan and that the Authority is authorized to take additional actions, if needed.

(B) Applicant agrees that all legal disclosure information requested has been disclosed to the best of its ability.

(C) Applicant agrees that loan proceeds shall be used solely for working capital to support operations.

(D) Applicant agrees that it is a Nondesignated Public Hospital as defined in the Program Guidelines approved by the Authority.

(E) If the Applicant does not pay off the loan within 24 months of the executed Loan and Security Agreement, the Applicant agrees to assign all of its rights to 20% of the Medi-Cal Checkwrite payments to the Authority until the full loan amount has been satisfied.

(F) Applicant acknowledges the Authority Loan Fee is 1% of the loan amount is due at closing and will be deducted from loan proceeds.

(c) Authority staff shall determine whether the Application is complete. If Authority staff determines that additional information is needed, Authority staff shall notify the Applicant and request that information. If the Applicant fails to provide the information as requested, the Applicant shall be deemed ineligible for a Program loan.

Section 5. Application Period and Submission Deadlines

(a) Announcements of available funding shall be provided to all eligible Nondesignated Public Hospitals.

(1) The application period for the first Funding Round shall open September 1, 2022. The deadline to submit an application for the first Funding Round is October 14, 2022.

(2) Applicants shall meet all Program loan closing requirements, including the signing of the Loan and Security Agreement and the Promissory Note, for the first Funding Round no later than February 15, 2023. If requirements are not met as of this date, the approval shall be forfeited, and loan proceeds made available for the second Funding Round.

(3) If moneys remain after the first Funding Round, the application period for the second Funding Round shall open March 1, 2023. The deadline date to submit an application for the second Funding Round is March 31, 2023,

(A) If a second Funding Round is required, Eligible Applicants will be notified, and a notice shall be posted on the Authority's website at www.treasurer.ca.gov/chffa.

(4) Applicants shall meet all Program loan closing requirements, including the signing of the Loan and Security Agreement and the Promissory Note, for the second Funding Round no later than June 30, 2023. If requirements are not met as of this date, the approval shall be forfeited.

(A) For the second Funding Round, an Applicant may request an extension of the Program loan closing requirements deadline by submitting a written request to the Executive Director that states the reason(s) that the extension is needed. Each extension request shall be evaluated on a case-by-case basis.

(b) The Application, including supporting documentation, shall be received by the Authority no later than 5:00 p.m. (Pacific Time) on the deadline dates and may be emailed as a Portable Document Format (PDF) attachment to chffa@treasurer.ca.gov or submitted through the online Application on the Authority's website. The Authority is not responsible for transmittal delays or failures of any kind.

Section 6. Application Review

(a) Authority staff shall evaluate and determine Program loans based on the Applicants meeting all the eligibility criteria described in Section 2.

(b) Authority staff shall complete Application reviews no later than 30 calendar days after the deadline date for each Funding Round. Additional information from each Applicant may be requested.

Section 7. Loan Amount and Repayment Terms

(a) The Executive Director or their designee shall be delegated the power to approve Program loans pursuant to the Program Guidelines to the extent there are available loan proceeds for the Program.

(b) The Executive Director or their designee shall establish the repayment period for an approved Program loan, which shall be memorialized in the written Loan and Security Agreement.

(1) The Program loan repayment period shall be a maximum of 24 months from the date of the Loan and Security Agreement.

(2) The Program loan amount shall be repaid in total and discharged within 24 months of the execution date of the Loan and Security Agreement.

(c) Interest shall not be charged for these loans.

(d) Program loans incur a 1% administrative fee, which is due at closing and withheld from the Program loan proceeds.

(e) A penalty shall not be assessed for early repayment of a Program loan.

Section 8. Loan and Security Agreement

(a) Prior to the issuance of each Program loan, the Authority shall require each Loan Recipient to agree to the terms and conditions set forth in the written Loan and Security Agreement, which specify the loan amount, repayment period, covenants, and requirements in the event of the inability to make payments or a default.

(b) The Loan and Security Agreement shall require each Loan Recipient to agree to all of the following:

(1) Defend, indemnify, and hold harmless the Authority and the State, and all officers, trustees, agents, and employees of the same, from and against any and all claims, losses, costs, damages, or liabilities of any kind or nature, whether direct or indirect, arising from or relating to the Program.

(2) If full payment of the Program loan amount is not made within 24 months of the date of the Loan and Security Agreement, 20% of the Nondesignated Public Hospital's respective Medi-Cal Checkwrite payments shall be intercepted and offset at the state level from the Department of Health Care Services until the Program loan amount has been satisfied.

(3) Such other terms and conditions as agreed upon by the Authority and the Nondesignated Public Hospital.

(c) The loan proceeds shall not be released until the Loan and Security Agreement, including the Authority's Medi-Cal Intercept Agreement, have been executed by the Authority and the person designated by the Applicant's board executes Program loan documents.