



2021 Annual Report

California Health Facilities Financing Authority



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Letter from the Executive Director

Greetings,

On behalf of the California Health Facilities Financing Authority (CHFFA), I am pleased to provide you with the annual report for CHFFA's activities during calendar year 2021.

In 2021, CHFFA had the pleasure to assist in the issuance of four bond transactions totaling \$1,578,105,000, the proceeds of which helped fund California's health facilities. CHFFA also closed five loans totaling \$6,840,000 to small, rural health facilities and district hospitals through the HELP II Loan Program.

CHFFA also implemented the Nondesignated Public Hospital Bridge Loan Program, which is a new program aimed at offsetting a delay in funding for California's nondesignated public hospitals. Through this program, CHFFA approved \$17,822,854 in first round funding for 15 hospitals.

We also disbursed grant funds to qualifying counties and health facilities through a number of different programs that we administer here at CHFFA. Through our three Children's Hospital Programs, we disbursed \$103,506,402 to ten hospitals. For our Investment in Mental Health Wellness Grant Programs, we disbursed \$6,050,527 in capital funding to six counties. The Community Services Infrastructure Grant Program disbursed a total of \$541,780 to one county to expand access to jail diversion programs. Last, but certainly not least, our Lifeline Grant Program disbursed \$2,011,720 to 44 eligible facilities to help offset losses of federal funding.

Calendar year 2021 was a great success for the various programs offered at CHFFA, and we very much look forward to further serving the people of the State of California through 2022 and beyond.

Sincerely,



Frank Moore
Executive Director
California Health Facilities Financing Authority

Highlighting a successful 2021:

...Issued **four** bonds totaling approximately **\$1.6 billion** in proceeds...

...Closed **five** HELP II loans with total proceeds of approximately **\$6.8 million**...

...Approved **15** Nondesignated Public Hospital Bridge Loan Program loans with total proceeds of approximately **\$17.8 million**...

...Disbursed approximately **\$103.5 million** in grant funds to ten hospitals through our three Children's Hospital Programs...

...Disbursed over **\$6.1 million** in grant funds to **six** counties for the Investment in Mental Health Wellness Grant Programs...

...Disbursed approximately **\$542,000** in grant funds to **one** county through the Community Services Infrastructure Grant Program...

...Disbursed approximately **\$2 million** in grant funds to **44** health facilities through the Lifeline Grant Program...

CHFFA OVERVIEW

CHFFA was established in 1979 for the purpose of providing financial assistance to public and private, non-profit health care providers in California. The diverse nature of the facilities funded by CHFFA reflects the changing health care needs of California. From rural, community-based organizations to large, multi-hospital systems, CHFFA has financed a wide variety of providers and programs throughout the state, through the issuance of bonds, loans, and grants.

As one of many financing authorities within the California State Treasurer's Office, CHFFA can be a valuable resource for assistance in financing both small and large private, non-profit, or public health facilities. In order to meet the requirements for CHFFA financing, an institution must be a public health facility, a private non-profit corporation, or an association authorized by the State of California to operate a health facility and undertake the financing or refinancing of a project.

Authority Board Members

The Board consists of nine members and is chaired by the Treasurer of California.



Fiona Ma
State Treasurer



Betty T. Yee
State Controller



Keely Martin Bosler
Director of Finance



Francisco Silva
Governor Appointee



Antonio Benjamin
Governor Appointee



Dr. Robert Cherry
Senate Rules
Committee Appointee



Dr. Robert Hertzka
Senate Rules
Committee Appointee



Katrina Kalvoda
Assembly Speaker
Appointee



Keri Kropke
Assembly Speaker
Appointee

BOND & EQUIPMENT PROGRAMS

CHFFA offers a **Bond Financing Program** and a **Tax-Exempt Equipment Financing Program**. Both programs are aimed at providing financial assistance for a variety of projects for California's public and private non-profit health facilities.

Bond Financing Program

The **Bond Financing Program** provides eligible health facilities with access to low interest rate capital markets through the issuance of tax-exempt and taxable revenue bonds. Bond proceeds may be used to fund construction/renovation projects, land acquisition for future projects, acquisition of existing health facilities, refinancing of existing debt, working capital, and to pay costs of issuance. As of December 31, 2021, CHFFA had **115** outstanding bond issuances totaling approximately **\$17 billion**.

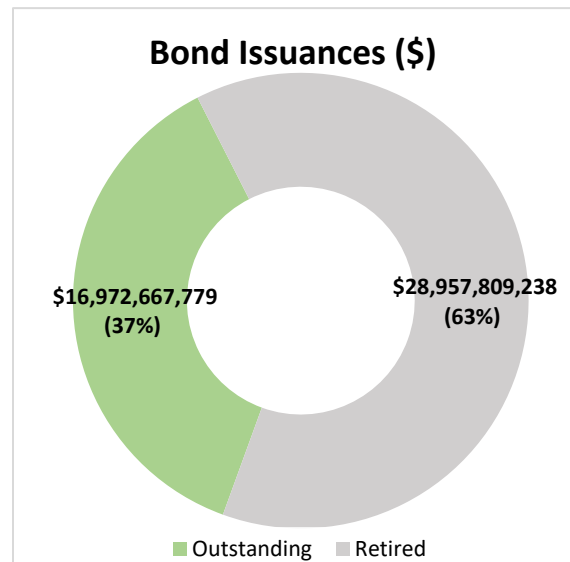
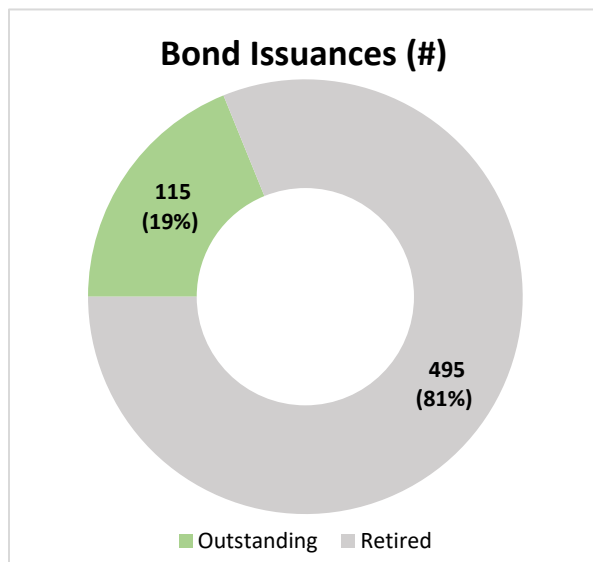
CHFFA HAS ISSUED

610 BONDS

For Approximately

\$46 BILLION

Since program inception (1979 – 2021)



Tax-Exempt Equipment Financing Program

The **Tax-Exempt Equipment Financing Program** provides eligible health facilities with access to tax-exempt, fixed rate financing for equipment purchases. As of December 31, 2021, CHFFA had **two** outstanding tax-exempt equipment notes in the approximate amount of **\$9.7 million**.

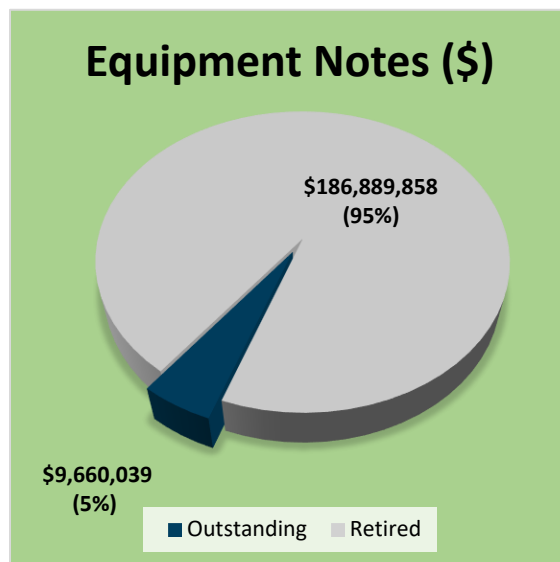
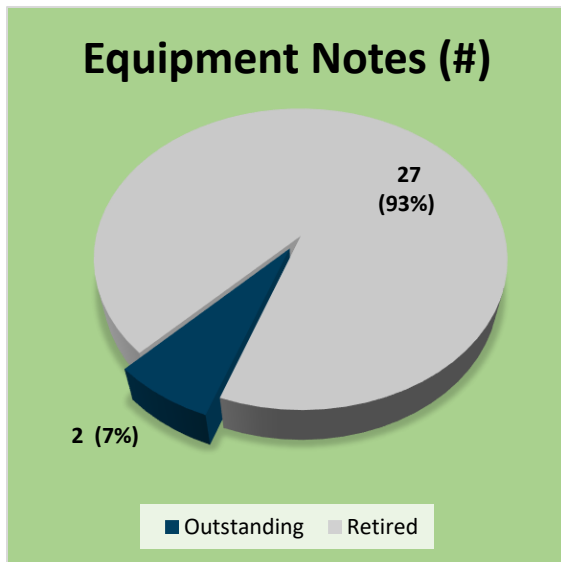
CHFFA HAS ISSUED

29 TAX-EXEMPT EQUIPMENT NOTES

For Approximately

\$197 MILLION

Since program inception (1994 – 2021)



Calendar Year 2021 Bond Financings

In 2021, CHFFA authorized **four** bond financings for **four** California health facilities, which resulted in a total issuance of **\$1,578,105,000**. The following provides a summary of CHFFA’s bond issues that closed in 2021.

Borrower	Series	Amount (\$)	Type of Issue
Cedars-Sinai Health System	2021 A	\$1,034,365,000	New Money & Refunding
Lucile Salter Packard Children’s Hospital at Stanford	2022 A	\$206,670,000	Refunding
Children’s Hospital of Orange County	2021 A & B	\$179,355,000	Refunding
Stanford Health Care	2021 A	\$157,715,000	New Money
Total:		\$1,578,105,000	



Photo rendering of Stanford Health Care’s new Stanford Hospital, partially financed by CHFFA Series 2021 A bond proceeds

Photo courtesy of Stanford Health Care



Photo rendering of Lucile Salter Packard Children’s Hospital at Stanford’s expansion project at its main hospital, partially financed by CHFFA Series 2022 A bond proceeds

Photo courtesy of Lucile Salter Packard Children’s Hospital at Stanford



Photo rendering of Cedars-Sinai Health System’s replacement hospital in Marina Del Rey, partially financed by CHFFA Series 2021 A bond proceeds

Photo courtesy of Cedars-Sinai Health System

LOAN PROGRAMS

HELP II Loan Program

The **HELP II Loan Program** is designed to provide eligible small and rural health facilities with financing for capital project needs through low-cost loans. As of December 31, 2021, CHFFA had 74 outstanding loans in the approximate amount of **\$22.9 million**.

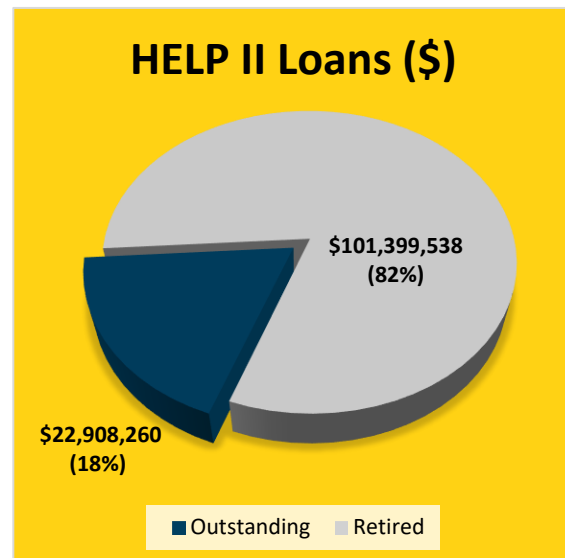
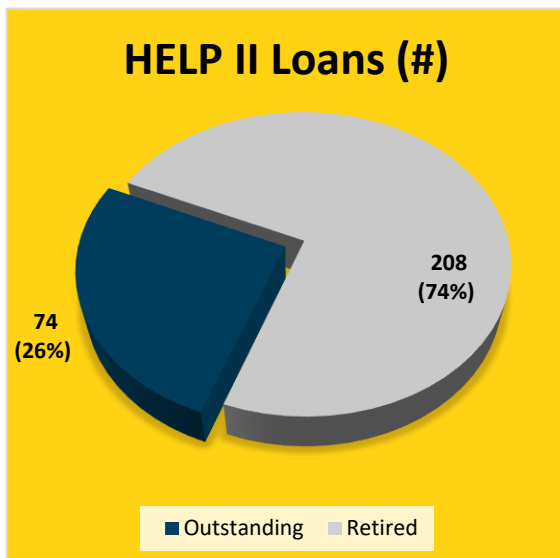
CHFFA HAS ISSUED

282 HELP II LOANS

For More Than

\$124 MILLION

Since program inception (1995 – 2021)



Calendar Year 2021 HELP II Financings

In 2021, CHFFA closed on five HELP II loans, which resulted in a total issuance of \$6,840,000. The following provides a summary of CHFFA’s HELP II loans that closed in 2021.

Borrower	Amount (\$)	Use of Proceeds
San Benito Health Care District	\$2,000,000	Construction
Dientes Community Dental Care	\$1,500,000	Construction
Santa Cruz Community Health Centers	\$1,500,000	Construction
Community SeniorServ	\$1,490,000	Purchase Real Property
Gateway Center of Monterey County	\$350,000	Refinance
Total	\$6,840,000	

Project Highlight of 2021:

In 2021, two CHFFA borrowers, Dientes Community Dental Care and Santa Cruz Community Health Centers, collaborated along with MidPen Housing to embark on a journey to increase health and wellness in the heart of the Live Oak area of Santa Cruz County. The comprehensive project includes building a general health center, constructing a dental clinic, and adding affordable housing to the project site. Below is a project rendering of the site, which is estimated to be fully operational and inhabitable in 2023.



Nondesignated Public Hospital Bridge Loan Program

The Nondesignated Public Hospital Bridge Loan Program (NDPH) was implemented in September 2021 and enabled CHFFA to issue up to a total of \$40 million in working capital loans. The NDPH Program provides 0% interest rate loans to eligible nondesignated public hospitals that are affected by financial delays associated with the transition from the Public Hospital Redesign and Incentives in Medi-Cal Program to the Quality Incentive Program.

In 2021, CHFFA approved \$17,822,854 in first round funding for 15 hospitals.

In 2022, CHFFA held a second and final funding round for the unallocated funding.

List of Approved Loans in 2021

Facility Name	Amount Approved
Bear Valley Community Hospital	\$83,852.00
El Centro Regional Medical Center	\$2,296,000.00
Hazel Hawkins Memorial Hospital	\$1,253,000.00
Jerold Phelps Community Hospital	\$511,000.00
John C. Fremont Healthcare District	\$551,000.00
Kaweah Health Medical Center	\$1,132,002.00
Northern Inyo Hospital	\$497,000.00
Oak Valley District Hospital	\$2,045,000.00
Palo Verde Hospital	\$296,000.00
Palomar Pomerado Health	\$3,481,000.00
Pioneers Memorial Hospital	\$1,527,000.00
Plumas District Hospital	\$296,000.00
San Geronio Memorial Hospital	\$1,141,000.00
Sonoma Valley Hospital	\$308,000.00
Tri-City Medical Center	\$2,405,000.00
Total:	\$17,822,854.00

COVID-19 Response Programs

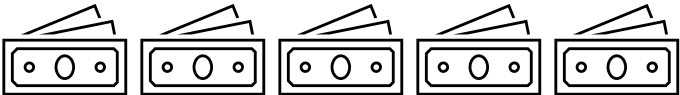
As a response to the COVID-19 pandemic, in April 2020, the Authority approved the **COVID-19 Emergency HELP Loan Program** and the **HELP II Loan Deferral Program** to provide financial assistance and financial relief to small and rural health facilities impacted by the COVID-19 pandemic.

COVID-19 Emergency HELP Loan Program

This program allocates \$5 million within the HELP II Loan Program to provide 0% interest rate loans, up to \$250,000, for qualifying health facilities.

Although there was no new activity in 2021 to report, below is a brief breakdown of the activity of the program since its inception.

Loans Approved: 2 

Amount Awarded: \$500,000 

HELP II Loan Deferral Program

In addition to the new loan program, CHFFA implemented the HELP II Loan Deferral Program, which allows borrowers affected by the COVID-19 pandemic to request a one-time deferral of HELP II loan debt service payments for up to three months. In 2021, CHFFA approved the deferral of **two** loans for a total of **\$31,793** to help offset the financial impact of the COVID-19 pandemic.

COVID-19 Response Programs Moving Forward

As of December 31, 2021, the programs are accepting applications and requests on a continuous basis through the end of Governor Newsom's State of Emergency Order or until all available funding for the program is exhausted, whichever comes first.

GRANT PROGRAMS



Children's Hospital Programs

Comprehensive Activity in 2021:

4 Grants
Awarded

\$27.3 Million
Awarded

11
Disbursements

\$103.5 Million
Disbursed

Children's Hospital Program of 2004

In November 2004, voters passed Proposition 61, enabling the State of California to issue \$750 million in bonds for capital improvement projects for children's hospitals across California, consisting of eight private non-profit children's hospitals and five University of California children's hospitals.

Although no disbursements were made in 2021, CHFFA approved **one** grant award for **\$128,121**.

Children's Hospital Program of 2008

In November 2008, voters passed Proposition 3, enabling the State of California to issue an additional \$980 million in bonds for similar uses to the Children's Hospital Program of 2004.

In 2021, CHFFA made **three** disbursements totaling approximately **\$24.3 million**.

Children's Hospital Program of 2018

In November 2018, voters passed Proposition 4, enabling the State of California to issue an additional \$1.5 billion in bonds. In addition to the 13 children's hospitals, eligible applicants were expanded to include public or private, non-profit hospitals that provide pediatric services for children eligible for California Children's Services.

In 2021, CHFFA awarded **three** grants totaling approximately **\$2.1 million** and made **eight** disbursements totaling approximately **\$79.2 million**.



Investment in Mental Health Wellness Grant Programs

The Investment in Mental Health Wellness (IMHW) Grant Program was designed to improve access to mental health crisis services available to California residents by funding a major statewide expansion of Crisis Residential Treatment Programs, Crisis Stabilization Units, and Mobile Crisis Support Teams (MCSTs) through grants available to counties.

In 2021, the program disbursed about **\$4.3 million** in capital funding to **two** counties. The program is no longer accepting new applications.

Investment in Mental Health Wellness Grant Program for Children and Youth

In 2016, the IMHW Grant Program was expanded to specifically address a continuum of crisis services for children and youth by funding expansion of the above services to individuals 21 years of age and under. In 2021, CHFFA awarded grants to **nine** counties for approximately **\$14.2 million** in capital funding and approximately **\$1.5 million** in annual personnel for MCSTs. Additionally, **four** counties received disbursements of approximately **\$1.8 million** in capital funding.



With programs within the building partially financed by a grant award from CHFFA, Orange County's Be Well Orange Campus provides mental health and substance use treatment services to Orange County residents who are referred for care.



Community Services Infrastructure Grant Program

In 2016, CHFFA was authorized to allocate approximately \$65.8 million through the **Community Services Infrastructure (CSI) Grant Program** to expand access to jail and prison diversion programs and other related services for those with mental health illnesses, substance use disorders, or trauma.

Although no grants were awarded in 2021, CHFFA disbursed **\$541,780** to **one** county in 2021.



With its grand opening in December 2021, Sacramento County's Jail Diversion Treatment & Resource Center diverts individuals from jails and prisons and provides mental health treatment, substance use disorder treatment, and trauma centered services.



Lifeline Grant Program

Established in 2017 with \$20 million allocated from the HELP II fund balance, the Lifeline Grant Program was designed to provide grant funds to assist non-profit small or rural health facilities that may be adversely affected financially by reductions or eliminations of federal government funding. A qualifying health facility may be awarded up to a maximum of \$250,000 for working capital purposes.

Although CHFFA did not award any additional funds in 2021, CHFFA disbursed just over **\$2 million** in grant funds to **44** eligible health facilities to help offset losses of federal funding. All funds had to be awarded to health facilities by June 30, 2020. All grantees have received awarded funds and the program has now ended.

	<u>Facilities</u>	<u>Funds</u>
Disbursed:	44	\$2,011,720