



ANNUAL REPORT 2020

California Health
Facilities Financing
Authority (CHFFA)



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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 2020.

In 2020, CHFFA had the pleasure to assist in the issuance of six bond transactions totaling \$1,584,690,000, the proceeds of which helped fund California's health facilities. CHFFA also closed two loans totaling \$2,830,000 to health facilities designated as small, rural, or as a district hospital in 2020, through the HELP II Loan Program.

In a direct response to the COVID-19 pandemic, CHFFA implemented a new COVID-19 Emergency HELP Loan Program to help address COVID-19 related financial losses and unforeseen expenses that small health facilities experienced during the pandemic. In 2020, CHFFA approved two COVID-19 Emergency HELP loans with total proceeds of approximately \$500,000. In addition to this new program, CHFFA offered its current borrowers the option of deferring monthly payments on their HELP II loans for up to three months.

We also disbursed grant funds to qualifying counties and health facilities across a number of different programs that we administer here at CHFFA. For our Investment in Mental Health Wellness Grant Program, we disbursed \$4,742,708 to ten counties. Across our three Children's Hospital Programs, we disbursed \$76,037,118 to three children's hospitals. The Community Services Infrastructure Grant Program awarded eight counties a total of \$49,190,977 to expand access to jail diversion programs. Last, but certainly not least, our Lifeline Grant Program disbursed \$4,732,065 to 28 eligible facilities to help offset losses of federal funding.

Calendar year 2020 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 2021 and beyond.

Sincerely,



Frank Moore
Executive Director
California Health Facilities Financing Authority

Highlighting a successful 2020:

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

...Closed **two** HELP II loans with total proceeds of approximately **\$2.8 million**...

...Approved **two** COVID-19 Emergency HELP loans with total proceeds of approximately **\$500,000**...

...Disbursed approximately **\$76 million** in grant funds to **three** children's hospitals through our three Children's Hospital Programs...

...Disbursed approximately **\$4.7 million** in grant funds to **10** counties for the Investment in Mental Health Wellness Grant Program...

...Awarded approximately **\$49.2 million** in grant funds to **eight** counties through the Community Services Infrastructure Grant Program...

...Disbursed approximately **\$4.7 million** in grant funds to **28** 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 through loans funded by the issuance of tax-exempt bonds. 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



Fiona Ma, State Treasurer

Elected Treasurer in November 2018, Treasurer Ma is chair of the board. Ma previously served as Chair of the California State Board of Equalization from 2015 to 2019.



Betty T. Yee, State Controller

Elected Controller in November 2014. As the state's chief fiscal officer, Yee chairs the Franchise Tax Board.



Keely Martin Bosler, Director of Finance

Appointed as the Director of Finance in August 2018 by former Governor Jerry Brown, Bosler serves as the Governor's chief fiscal policy advisor.



Antonio Benjamin
Governor Appointee



Francisco Silva
Governor Appointee



Dr. Robert Cherry
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, 2020, CHFFA had **133** outstanding bond issuances totaling approximately **\$16.6 billion**.

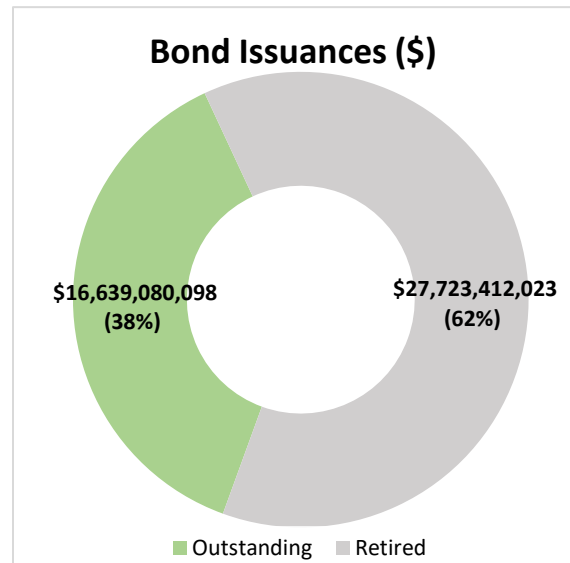
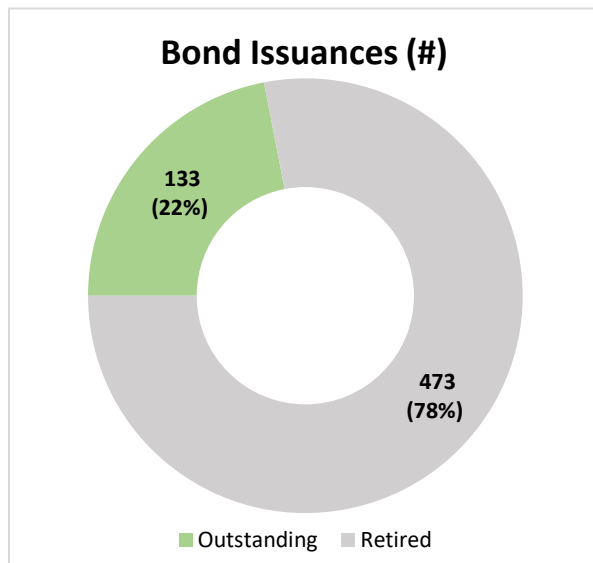
CHFFA HAS ISSUED

606 BONDS

For More Than

\$44 BILLION

Since program inception (1979 – 2020)



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, 2020, CHFFA had **two** outstanding tax-exempt equipment notes in the approximate amount of **\$16.2 million**.

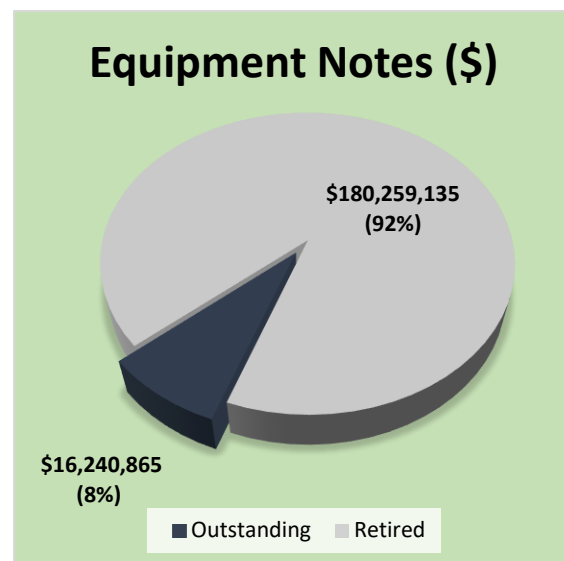
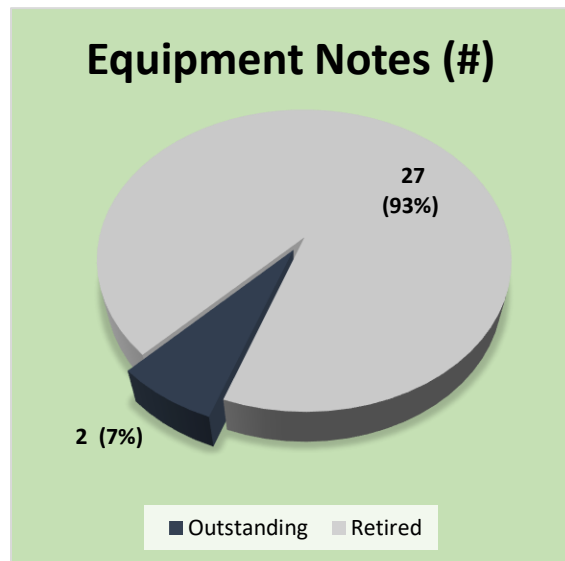
CHFFA HAS ISSUED

29 TAX-EXEMPT EQUIPMENT NOTES

For Approximately

\$197 MILLION

Since program inception (1994 – 2020)



Calendar Year 2020 Bond Financings

In 2020, CHFFA authorized **six** bond financings for **five** California health facilities and the No Place Like Home Program, which resulted in a total issuance of **\$1,584,690,000**. The following provides a summary of CHFFA’s bond issues that closed in 2020.

Borrower	Series	Amount (\$)	Type of Issue
CommonSpirit Health	2020 A	\$577,060,000	Refunding
No Place Like Home Program	2020	\$450,000,000	New Money
PIH Health	2020 A & B	\$278,955,000	New Money & Refunding
Stanford Health Care	2020 A	\$170,120,000	New Money
Marshall Medical Center	2020 A & B	\$68,875,000	New Money & Refunding
On Lok Senior Health Services	2020	\$39,680,000	New Money & Refunding
Total		\$1,584,690,000	



Photo rendering of CommonSpirit Health’s Mercy Medical Center in Redding, partially financed by CHFFA Series 2020 A bond proceeds | Photo courtesy of CommonSpirit Health



Photo rendering of Rose Avenue Apartments in Los Angeles County, financed by the No Place Like Home Program | Photo courtesy of Los Angeles County Development Authority

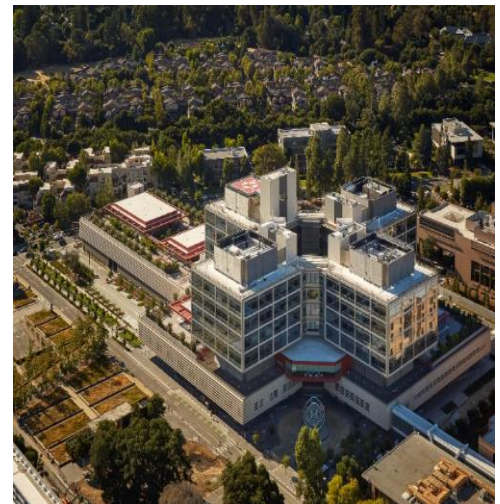


Photo rendering of Stanford Health Care’s new Stanford Hospital, partially financed by CHFFA Series 2020 A bond proceeds | Photo courtesy of Stanford Health Care

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, 2020, CHFFA had **74** outstanding loans in the approximate amount of **\$24.7 million**.

CHFFA HAS ISSUED

278 HELP II LOANS

For More Than

\$118 MILLION

Since program inception (1995 – 2020)

BY THE 2020 NUMBERS

In 2020, the Authority approved **two** HELP II loans totaling **\$2,990,000**. During the same year, the Authority closed **two** HELP II loans totaling **\$2,830,000**. The following provides a summary of the two HELP II loans that closed in 2020.

Mayers Memorial Hospital District

\$1,500,000

Loan proceeds were used to finance the renovation of the Burney Rural Health Clinic to meet Office of Statewide Health Planning and Development building code standards and increase access to primary care for patients in the district.



Hart Community Homes, Inc.

\$1,330,000

Loan proceeds were used to finance the purchase of a four-unit apartment complex in Fullerton to be used as shelter for at-risk young adults.



COVID-19 Response Programs

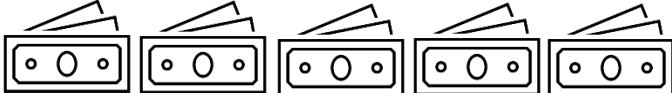
As a response to the COVID-19 pandemic, in April 2020, the Authority approved the **COVID-19 Emergency HELP Loan Program** and the **HELP II Loan Deferral Program** to provide financial assistance and financial relief to small and rural health facilities impacted by the COVID-19 pandemic.

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.

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 2020, CHFFA approved the deferral of **10** loans to **four** HELP II borrowers for a total of **\$80,025** to help offset the financial impact of the COVID-19 pandemic.

COVID-19 Response Programs Moving Forward

As of December 31, 2020, 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

Children's Hospital Program of 2004:

In November 2004, California voters passed Proposition 61, which enabled the State of California to issue \$750 million in general obligation bonds to fund the Children's Hospital Program of 2004. The purpose of the program is to improve the health and welfare of California's critically ill children, by providing a stable and ready source of funds for capital improvement projects for children's hospitals.

Across California, there are 13 children's hospitals, consisting of eight private non-profit children's hospitals and five University of California children's hospitals.

In 2020, CHFFA made **two** disbursements totaling approximately **\$1.1 million**.

Children's Hospital Program of 2008:

In November 2008, California voters passed Proposition 3, which enabled the State of California to issue an additional \$980 million in general obligation bonds to fund the Children's Hospital Program of 2008. The program was an extension of the Children's Hospital Program of 2004.

In 2020, CHFFA awarded **one** grant and made **four** disbursements totaling approximately **\$65.2 million**. Currently, four children's hospitals have open construction or equipment acquisition projects.

Children's Hospital Program of 2018:

In November 2018, California voters passed Proposition 4, which enabled the State of California to issue another \$1.5 billion in general obligation bonds to fund the Children's Hospital Program of 2018. Proposition 4 allocated \$1.35 billion to the 13 children's hospitals and \$150 million to public or private, non-profit hospitals that provide pediatric services for children eligible for California Children's Services.

In 2020, CHFFA awarded **19** grants totaling approximately **\$298.4 million** and made **one** disbursement totaling approximately **\$9.7 million**.

By the numbers, for 2020...

**\$76 Million
Disbursed**

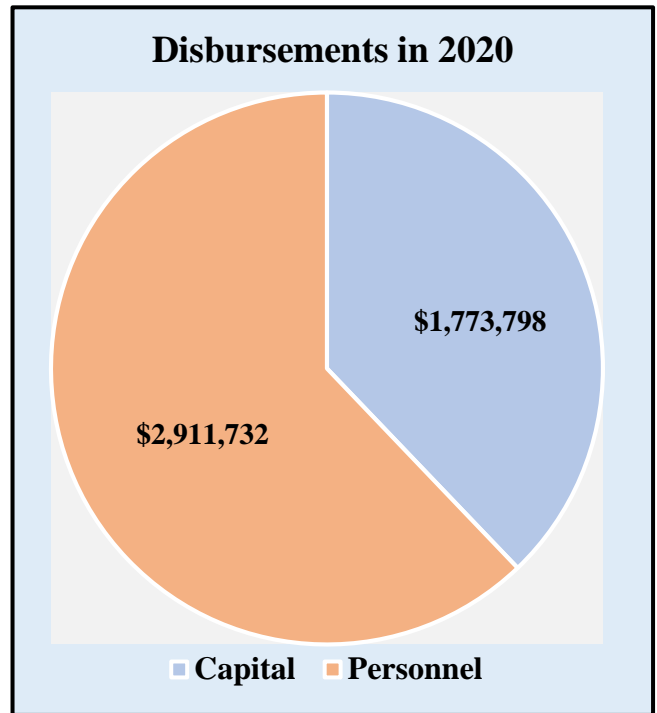
**Seven
Disbursements**

**20 New Grants
Awarded**

Investment in Mental Health Wellness Grant Programs

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

In 2020, the program disbursed approximately **\$2.9 million** in personnel funding to **eight** counties for MCSTs and approximately **\$1.8 million** in capital funding to **two** counties across California. Some counties received multiple disbursements during the calendar year. The program is no longer accepting new applications.



Investment in Mental Health Wellness Grant Program for Children and Youth:

In 2016, the Investment in Mental Health Wellness Grant Program was expanded to specifically address a continuum of crisis services for children and youth, 21 years of age and under, by funding statewide expansion of the aforementioned services, including Family Respite Care services. Although there were no awards made in calendar year 2020, **one** county received disbursement for **\$57,177.66** in capital funding for MCSTs.

Disbursements Made for Children & Youth in 2020

Sacramento County

\$57,177.66

Grant proceeds funded the purchase of two new MCST vehicles that will be used to expand an existing program that provides field based mental health crisis intervention services. The MCSTs will provide peer mentoring, youth and family support, advocacy during and after a crisis, and immediate linkage to ongoing support and services. Sacramento County officials expect that the expanded MCST program will be able to respond to approximately 300-400 calls per month.

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 disbursements were made in 2020, CHFFA awarded grants to **eight** counties in the amount of approximately **\$49.2 million** for the development of new, or the expansion of existing, jail diversion programs. The table below outlines the counties and amounts awarded in 2020. All funding for the CSI Program has been awarded, and the program is no longer accepting new applications.

<u>Contra Costa County</u> <i>Forensic Mental Health Diversion Program</i> \$1,150,018	<u>Sacramento County</u> <i>Jail Diversion Treatment Resource Center</i> \$1,690,543
<u>Los Angeles County (Two Projects)</u> <i>MLK Behavioral Health Center Renovation & Olive View – UCLA Medical Center Psychiatric Bed Expansion</i> \$15,426,360	<u>San Joaquin County</u> <i>Adult Mental Health Residential Treatment Services for Individuals with Co-occurring Disorders</i> \$2,930,186
<u>Nevada County</u> <i>Diversion House Project</i> \$1,085,664	<u>Solano County</u> <i>Residential Mental Health Diversion Program</i> \$6,301,108
<u>Riverside County</u> <i>Restorative Transformation Center</i> \$18,984,848	<u>Yolo County</u> <i>Ellen’s House</i> \$1,622,250

Lifeline Grant Program

Established in 2017 with \$20 million allocated from the HELP II fund balance, the Lifeline Grant Program is a program 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.

In 2020, CHFFA awarded **49** health facilities a total of approximately **\$3.3 million** in grant funds to be disbursed after proof of loss of federal funding is submitted. Additionally, in 2020, CHFFA disbursed grant funds to **28** previously approved health facilities, totaling approximately **\$4.7 million**.

	<u>Facilities</u>	<u>Funds</u>
Awarded:	49	\$3,283,387
	<u>Facilities</u>	<u>Funds</u>
Disbursed:	28	\$4,732,065

Lifeline Grant Program Moving Forward...

All funds had to be awarded to health facilities by June 30, 2020. All grantees have received awarded funds with the exception of two remaining outstanding grantees. The two health facilities have requested partial disbursements and are expected to request the remaining funds in calendar year 2021. The remaining unawarded funds were returned to the HELP II fund balance where they will be used to provide loans to qualifying health facilities.