

CALIFORNIA HEALTH FACILITIES FINANCING AUTHORITY

Staff Report for Resolution Nos. 2008-25 through 2008-31

Resolution of the California Health Facilities Financing Authority Approving Allocation of Additional Funds for Rural Hospital Loans with Certain Participating Health Institutions

Background: Rural hospitals and community clinics are facing unanticipated and staggering financial burdens associated with the State budget impasse and consequential delayed Medi-Cal reimbursements. Some of these rural hospitals and community clinics appealed to the Authority to assist them by providing short-term working capital secured loans to help them offset significant budgetary shortfalls. The Authority responded to these appeals on July 31, 2008 when it approved two separate resolutions reflecting the Authority’s intention to provide short-term loans to rural hospitals and community clinics. On July 31, 2008 and August 14, 2008, the Authority approved individual resolutions for each of the following rural hospitals who applied for the short-term loans:

<u>Resolution No.</u>	<u>Hospital</u>	<u>Loan Amount (not to exceed amount)</u>
2008-09	Seneca Healthcare District	\$ 133,000
2008-10	Surprise Valley Health Care District	\$ 142,000
2008-11	Mountain Communities Healthcare District dba Trinity Hospital	\$ 301,000
2008-12	Palm Drive Health Care District	\$ 187,000
2008-13	Eastern Plumas Health Care	\$ 498,000
2008-14	Glenn Medical Center	\$ 228,000
2008-15	Kingsburg District Hospital	\$ 206,000
2008-17	Mayers Memorial Hospital District,	\$ 510,000

The Authority board originally determined to allocate the total sum of \$4,000,000.00 from the Authority’s fund balance for the rural and clinic loans with \$2,000,000 overall to be allocated for the benefit of rural hospital applicants and \$2,000,000 overall to be allocated for the benefit of community clinic applicants. The total sum of funds applied for by the rural hospitals exceeded the \$2,000,000 allocation granted by the Authority board and thus consequently, rural hospitals were only funded at 60% of their requested sums. The total sum of funds applied for by the community clinics totaled only \$600,000, even with 100% funding of the sums requested by the community clinics. The Authority board thereafter directed the excess allocation of \$1,400,000 for the community clinics be re-allocated to the above identified rural hospitals to increase their funding ratio as much as possible.

Accordingly, each of the above identified rural hospitals, with the exception of Glenn Medical Center, now seeks to augment their allocation as set forth on the attached Exhibit A. Each of these rural hospitals and their representatives have already been before the board and responded to the Authority’s voir dire concerning their financials and representations regarding the security they would provide in exchange for their short term loans. If approved by the Authority, each of the rural hospitals will receive 100% of their funding request.

Recommendation: Staff recommends approval of the augmented allocation as set forth on Exhibit A, subject to each of the terms and conditions set forth with more particularity within Resolution No. 2008-08.

Exhibit A

<u>Reso No.</u>	<u>Hospital</u>	<u>Additional Sums (NTE)</u>	<u>Total Loan (NTE)</u>
2008-25	Seneca Healthcare District	\$ 89,000	\$ 222,000
2008-30	Surprise Valley Health Care District	\$ 95,000	\$ 237,000
2008-27	Mountain Communities Healthcare District dba Trinity Hospital	\$ 202,000	\$ 503,000
2008-28	Palm Drive Health Care District	\$ 125,000	\$ 312,000
2008-31	Eastern Plumas Health Care	\$ 252,000	\$ 750,000
2008-29	Kingsburg District Hospital	\$ 138,000	\$ 344,000
2008-26	Mayers Memorial Hospital District,	\$ 240,000	\$ 750,000