

**CALIFORNIA HEALTH FACILITIES FINANCING AUTHORITY (Authority)**

**HELP II Loan Program Debt Service Payment Deferral Due to COVID-19**

**Resolution No. 2020-03**

**April 30, 2020**

**PURPOSE OF THE REQUEST:**

Staff seeks Authority approval of Resolution No. 2020-03 authorizing debt service payment deferrals under the HELP II Loan Program due to the COVID-19 pandemic, which would include the following:

- Delegate authority to the Executive Director and Deputy Executive Director to approve the deferral of HELP II loan debt service payments (including principal and interest) for up to three months; and
- Adopt the parameters for granting the debt service payment deferrals below.

Borrowers with current HELP II loan balances may request a one-time, up to three months, loan deferral to help defray the cost of responding to the COVID-19 pandemic.

This delegation and adoption will expire on December 31, 2020 or as long as Governor Newsom's March 4, 2020 Proclamation of a State of Emergency is in effect, whichever is later unless extended by action of the Authority.

**PROPOSED PARAMETERS FOR GRANTING APPROVAL:**

**Eligibility**

General Requirements:

- Any borrower with an outstanding HELP II loan is eligible to request a deferral

**Loan Deferment Terms**

- A one-time deferral of debt service payments (including principal and interest) may be obtained for up to three months
- Interest will not be capitalized during the term of the deferral
- Maturity of loan will be extended up to three months using the current monthly principal and interest payment schedule

**Required Documentation**

- Evidence that the borrower has been impacted by COVID-19
- Execution of documents to effectuate the loan deferral, including amendments to the loan and security agreement and promissory note, and any other documentation as required by Authority staff

**STAFF RECOMMENDATION:**

Staff recommends approval of Resolution No. 2020-03 authorizing debt service payment deferrals under the HELP II Loan Program due to the COVID-19 pandemic, subject to the parameters in the resolution.

**RESOLUTION NUMBER. 2020-03**

**RESOLUTION OF THE CALIFORNIA HEALTH FACILITIES FINANCING  
AUTHORITY AUTHORIZING THE DEFERRAL OF HELP II LOAN PROGRAM DEBT  
SERVICE PAYMENTS DUE TO COVID-19 AND DELEGATING CERTAIN POWERS  
TO THE EXECUTIVE DIRECTOR**

**WHEREAS**, the California Health Facilities Financing Authority (the “Authority”), a public instrumentality of the State of California, is authorized by the provisions of the California Health Facilities Financing Authority Act (the “Act”) to provide secured or unsecured loans to participating health institutions to refinance existing debt and finance the acquisition, construction, expansion, remodeling, renovation, improvement, furnishing, equipping, or working capital of a health facility;

**WHEREAS**, the Authority established the HELP II Loan Program (the “Program”) to provide loans to participating health institutions as authorized by the Act and has approved loans in varying amounts to various health facilities (“Borrowers”);

**WHEREAS**, due to the recent infectious disease known as COVID-19 and the proclamation of a State of Emergency by Governor Gavin Newsom on March 4, 2020 as a result of the threat of COVID-19, affected Borrowers may be impacted and need financial relief, including Program loan debt service payment deferral, to meet their financial needs in order to continue providing health care services to their communities;

**WHEREAS**, approval of the parameters for the deferral of the Program debt service payments for affected Borrowers is now sought; and

**WHEREAS**, pursuant to the Act, the Authority may delegate to the Executive Director or the Deputy Executive Director, any powers and duties the Authority may deem proper;

**NOW THEREFORE BE IT RESOLVED** by the California Health Facilities Financing Authority as follows:

Section 1. The Authority hereby establishes the following parameters to grant approval for a one-time, up to three months, deferral of debt service payments (including principal and interest) of a Borrower’s Program loan. The parameters for approval are as follows:

1. Any borrower with an outstanding Program loan is eligible to request a deferral;
2. A one-time deferral of debt service payments (including principal and interest) may be obtained for up to three months;
3. Interest will not be capitalized during the term of the deferral;
4. Maturity of the Program loan will be extended for up to three months using the current monthly debt service payment schedule;
5. The Borrower must provide evidence acceptable to the Authority that the Borrower has been impacted by the COVID-19 pandemic;
6. The Borrower must execute documents to effectuate the loan deferral, including amendments to the loan and security agreement and promissory note, and any other documentation as required by Authority staff;
7. Failure to comply with any of the above conditions shall cause the deferral of the loan debt service payments to not be permitted.

Section 2. The Authority hereby delegates to the Executive Director or the Deputy Executive Director the power to approve the deferral of the Program loan debt service payments (including principal and interest) for affected Borrowers, to the extent the Borrower meets the parameters in Section 1.

Section 3. The Executive Director or Deputy Executive Director are hereby authorized and directed to do any and all things to execute and deliver any and all documents, which the Executive Director or Deputy Executive Director deem necessary or advisable in order to effectuate the purposes of this Resolution and the actions contemplated hereby, and which have heretofore been approved as to form by the Authority.

Section 4. The Executive Director or the Deputy Executive Director shall report to the Authority at the next scheduled meeting all actions taken pursuant to this Resolution. The Executive Director or Deputy Executive Director shall provide to the Authority a final report at the next scheduled meeting after this Resolution expires.

Section 5. The Resolution shall take effect from and after the date of its adoption, and shall expire on December 31, 2020, or as long as Governor Newsom's March 4, 2020 Proclamation of a State Emergency is in effect, whichever is later unless extended by action of the Authority.

Date Approved: \_\_\_\_\_