

CALIFORNIA HEALTH FACILITIES FINANCING AUTHORITY (AUTHORITY)

Nondesignated Public Hospital Bridge Loan Program II

Resolution No. 2022-03

August 25, 2022

PURPOSE OF THE REQUEST:

Staff seeks Authority approval of the Nondesignated Public Hospital Bridge Loan Program II (Chapter 43, Statutes of 2022) (Program), which would include the following:

- Adopt the Program guidelines attached in Exhibit A of the resolution.
- Delegate authority to the Executive Director or the Deputy Executive Director to issue loans pursuant to the Program guidelines.

SUMMARY:

California's nondesignated public hospitals provide significant levels of care to the uninsured and Medi-Cal populations. Through December 2020, nondesignated public hospitals participated in Public Hospital Redesign and Incentives in Medi-Cal (PRIME), which provided incentive funding for meeting annual performance targets focused on strengthening patient-centered primary and specialty outpatient care to ensure the right care is provided in more appropriate and cost-effective settings. Once the PRIME program shut down, nondesignated public hospitals had to transition to the Quality Incentive Program (QIP), which is a component of Medi-Cal managed care and provides incentive payments but on a different timeline than PRIME. With PRIME, nondesignated public hospitals were able to receive funding well within 90 days, but the transition to QIP prolongs the new funding time to an estimated two years. To offset the delay and assist with the cashflow issues caused by the change from PRIME to QIP, the Legislature in 2021 authorized the Authority to provide low-cost working capital loans to eligible nondesignated public hospitals to assist with their operations through the Nondesignated Public Hospital Bridge Loan Program (Section 25, Chapter 240, Statutes of 2021).

On June 27, 2022, the Program was chaptered into law through the annual Budget Act of 2022 (Section 2.00, Chapter 43, Statutes of 2022) by authorizing the Authority to provide loans using an appropriation of \$40 million in General Fund moneys. The Program would provide working capital loans to 33 eligible nondesignated public hospitals to continue to assist with their cash flow issues due to the delay in receipt of their incentive payments. The Authority is required to administer the Program, and these loans are required to be paid back in two years.

The Authority consulted with the District Hospital Leadership Forum (Forum), which was instrumental in working with the Legislature, in the development of the guidelines. The Program guidelines define a nondesignated public hospital and list the 33 eligible applicants that comprise the nondesignated public hospitals in California. The definition of a nondesignated public hospital based on input received during the Forum is a hospital that is a district hospital, owned by a district, or a city, excluding the city and county of San Francisco.

The guidelines also highlight guaranteed and maximum loan amounts in the first Funding Round that were determined by the Forum, in consultation with the State [Department of Health Care Services](#), as a percentage of the QIP program moneys each hospital could earn in year one and includes a floor of \$300,000 for the smallest hospitals.

The application deadline for the first funding round will be October 14, 2022. If loan proceeds remain after the first funding round, the application deadline for the second funding round would be March 31, 2023. All loan proceeds for this Program are required to be encumbered/approved by June 30, 2023, and available for disbursement until June 30, 2025.

PROGRAM GUIDELINES' OVERVIEW:

Eligibility

- The Applicant must be considered a nondesignated public hospital (as defined in the Program guidelines).

Use of Loan Proceeds

- Loan Proceeds may **ONLY** be used for working capital purposes.

Loan Terms

- 0% interest rate.
- Loans must be paid back within 24 months.
- Loans to be repaid in one balloon payment at the end of the 24 months.
- No early payment/prepayment penalty.
- Loans will be secured by borrower's Medi-Cal reimbursements (If the loan defaults, 20% of the borrower's Medi-Cal checkwrite payments will be intercepted until the Program loan amount has been satisfied).
- Loan proceeds will not be released until the Loan and Security Agreement, which includes the Authority's Medi-Cal Intercept Agreement, has been executed by the Authority and the person designated by the nondesignated public hospital's board.

Maximum Loan Amounts

- Guaranteed and Maximum loan amounts for the first Funding Round vary by applicant (See Exhibit A).
- Loan amounts for the first Funding Round will be determined as follows:
 1. An Applicant may request a loan up to the amount specified in the Maximum Loan Amount column. However, the Applicant will only be initially entitled to receive up to the amount specified 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 million available for Program funding, Authority staff will calculate how much in moneys remain to be distributed to first Funding Round Applicants that applied for more than their Guaranteed Loan Amount using the following calculation:

- A. Authority staff will 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 will 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.
- An Applicant will not receive more than the Maximum Loan Amount listed in Exhibit A during the first Funding Round.
 - If moneys remain after the first Funding Round, a second Funding Round will commence, and moneys will be awarded without regard to previous Maximum Loan Amounts and be distributed based on the same proportionate share methodology as used during the first Funding Round described above in Number 2.
 - A second Funding Round Applicant's full Guaranteed Amount also will be considered for the proportionate share percentage calculation and not the actual amount received during the first Funding Round.

Fees

- No application fees.
- Closing fee is equal to 1% of the loan amount, which is withheld from the loan proceeds at closing.

Required Documentation

- Completed application package, Loan and Security Agreement (including a Medi-Cal Intercept Agreement), and Promissory Note

STAFF RECOMMENDATION:

Staff recommends the approval of Resolution No. 2022-03 to establish the Nondesignated Public Hospital Bridge Loan Program II guidelines and the delegation of certain powers to the Executive Director or the Deputy Executive Director.

ATTACHMENTS:

Attachment A – Guaranteed and Maximum Loan Amounts for the First Funding Round

Attachment B – Authorizing Statute

Attachment C – Resolution including Guidelines

Attachment D – Sample Nondesignated Public Hospital Bridge Loan Program Application II

**GUARANTEED AND MAXIMUM LOAN AMOUNTS
FOR THE FIRST FUNDING ROUND**

	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

**GUARANTEED AND MAXIMUM LOAN AMOUNTS
FOR THE FIRST FUNDING ROUND
(CONTINUED)**

	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

AUTHORIZING STATUTE (SECTION 2.00, CHAPTER 43, STATUTES OF 2022)

0977-101-0001—For local assistance, California Health Facilities Financing Authority 65,000,000⁽¹⁾

Schedule:

(1) 0885-Health Facilities Grants and Loans 65,000,000⁽¹⁾

Provisions:

1. (a) The amount appropriated in this item is available for the California Health Facilities Financing Authority to provide cashflow loans not to exceed \$40,000,000 to nondesignated public hospitals, as needed, due to the financial impacts of the COVID-19 public health emergency.
- (b) Of the funds identified in this subprovision (a), the California Health Facilities Financing Authority may allocate an amount not to exceed one percent of each hospital’s loan. The Department of Finance may transfer up to \$400,000 to Item 0977-001-0001 to administer the loans. Any funds transferred shall be available for encumbrance or expenditure until June 30, 2025.
- (c) The California Health Facilities Financing Authority shall determine, in consultation with nondesignated public hospitals, the application process, eligibility criteria, and methodology for distribution of the loans pursuant to this provision.
- (d) In administering the loan program in this item, the California Health Facilities Financing Authority shall not be subject to the rulemaking provisions of the Administrative Procedure Act (Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code).
- (e) Notwithstanding Sections 15432 and 15451.5 of the Government Code, nondesignated public hospitals shall be required to repay and discharge the loan within 24 months of the date of the loan.
- (f) Security for the cashflow loans in subdivisions (a) and (b) will be Medi-Cal reimbursements due to these nondesignated public hospitals from the State Department of Health Care Services. The California Health Facilities Financing Authority’s recoupment of these cashflow loans may not exceed twenty percent of the nondesignated public hospital’s respective Medi-Cal checkwrite payments until the loan amounts have been satisfied.
- (g) For purposes of this provision, the following definitions apply:
 1. “Nondesignated public hospital” means a public hospital as that term is defined in subdivision (l) of Section 14165.55 of the Welfare and Institutions Code, excluding those affiliated with county health systems.

(1) Of the amount appropriated in this item, \$25,000,000 is available for encumbrance or expenditure until June 30, 2032, for the California Health Facilities Financing Authority to implement the Specialty Dental Clinic Grant Program.

RESOLUTION NUMBER 2022-03

**RESOLUTION OF THE CALIFORNIA HEALTH
FACILITIES FINANCING AUTHORITY AUTHORIZING THE IMPLEMENTATION
OF THE NONDESIGNATED PUBLIC HOSPITAL BRIDGE LOAN PROGRAM II AND
DELEGATING CERTAIN POWERS TO THE EXECUTIVE DIRECTOR OR DEPUTY
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 Nondesignated Public Hospital Bridge Loan Program II (Section 2.00, Chapter 43, Statutes of 2022) to provide working capital loans to eligible nondesignated public hospitals in a total amount of \$40,000,000; and

WHEREAS, due to delays in collecting Medi-Cal reimbursements from the Department of Health Care Services associated with the transition from the Public Hospital Redesign and Incentives in Medi-Cal (PRIME) program to the Quality Incentive Program (QIP), affected nondesignated public hospitals need working capital loans to assist with their cashflows and support their operations to continue providing health care services to their communities; and

WHEREAS, approval of the guidelines for the implementation of the new Nondesignated Public Hospital Bridge Loan Program II and delegation of powers and duties to the Executive Director, or Deputy Executive Director, is now sought;

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

Section 1. The Nondesignated Public Hospital Bridge Loan Program II (the “Program”) guidelines in Exhibit A are hereby approved in substantially the form submitted to the Authority by staff.

Section 2. The Authority hereby delegates to the Executive Director and the Deputy Executive Director, in the Executive Director’s absence, the power to approve Program loans for eligible nondesignated public hospitals in varying amounts to finance working capital, as defined in the guidelines, but solely to the extent there are available proceeds for the Program, as determined pursuant and subject to Section 3 hereof.

Section 3. The Authority hereby delegates to the Executive Director and the Deputy Executive Director, in the Executive Director’s absence, the power to determine the final amount, terms, and conditions of the loan and to approve any ministerial changes described in the application submitted to the Authority, as said officer shall deem appropriate and authorized under the Program. Nothing in this resolution shall be construed to require the Authority to obtain any additional funding even if more loans are approved than there is available funding. Any notice to the borrower shall indicate that the Authority shall not be liable to the borrower should that additional funding not be provided for any reason.

Section 4. The Authority hereby delegates to the Executive Director and the Deputy Executive Director, in the Executive Director's absence, the power to draw loan proceeds for the Program from the Program Fund, not to exceed those amounts approved by the Executive Director or the Deputy Executive Director for a borrower. The Authority hereby delegates to the Executive Director and the Deputy Executive Director, in the Executive Director's absence, the power to execute and deliver any and all documents necessary to complete the transfer of loan proceeds.

Section 5. The Authority hereby delegates to the Executive Director and the Deputy Executive Director, in the Executive Director's absence, the power to develop, in consultation with legal counsel, loan and security agreements and promissory notes for loans approved under the Program. The Authority hereby delegates to the Executive Director and the Deputy Executive Director, in the Executive Director's absence, the power to do any and all things necessary to execute and deliver any documents in connection with the issuance, disbursement, and prepayment of loans, including loan and security agreements, disbursement memorandums, loan closing documents, and Medi-Cal intercept agreements as security for the loans. The Authority hereby delegates to the Executive Director and the Deputy Executive Director, in the Executive Director's absence, the power to carry out any ministerial actions.

Section 6. 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.

Section 7. This resolution shall take effect immediately upon its approval.

Date Approved: _____

EXHIBIT A

NONDESIGNATED PUBLIC HOSPITAL BRIDGE LOAN PROGRAM II GUIDELINES

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

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
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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.

**SAMPLE NONDESIGNATED PUBLIC HOSPITAL BRIDGE LOAN PROGRAM II
APPLICATION**

Application Submission

The deadline to submit an Application to the California Health Facilities Financing Authority (Authority) for the first Funding Round is October 14, 2022. If loan proceeds remain after the first Funding Round, Applications may be submitted for a second Funding Round with a deadline of March 31, 2023. Announcements of available funding shall be shared with all eligible Applicants and posted to the Authority's website at <https://www.treasurer.ca.gov/chffa>. The Application, including supporting documentation, must 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.

Please note:

- *Incomplete applications may result in the rejection of the application.*
- *The Authority is not responsible for transmittal delays or failures of any kind.*

Authority staff is pleased to answer any questions or provide technical assistance to help you prepare your application. Please call us at (916) 653-2799.

Fee Schedule

- No application fee
- 0% percent interest
- Authority Loan Fee is 1% of the loan amount, which is due at closing and deducted from loan proceeds

CALIFORNIA HEALTH FACILITIES FINANCING AUTHORITY

Nondesignated Public Hospital Bridge Loan Program II

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NONDESIGNATED PUBLIC HOSPITAL BRIDGE LOAN PROGRAM II APPLICATION FORM

Summary Information

APPLICANT INFORMATION:		
Legal Name		
Street Address	Federal Tax I.D. Number	
City, State & Zip	Contact Person / Title	
County	Telephone Number	Email Address

LOAN INFORMATION:
Amount Requested: <i>[See guaranteed and maximum loan amounts per borrower in Section 3 of the Program guidelines]</i> \$
Provide brief explanation of how loan proceeds will be used for working capital (i.e., payroll and utilities):

Provide the following as attachments:

Attachment A – Management/Organization Information

- Provide the name and title of the person to be designated by your board to sign loan documents if financing is approved.
- Provide a current copy of the applicable State of California operating license

Legal Status Questionnaire

Applicant Name:

1. Financial Viability

Disclose material information relating to any legal or regulatory proceeding or investigation in which the applicant/borrower/project sponsor is or has been a party and which might have a material impact on the financial viability of the project or the applicant/borrower/project sponsor. Such disclosures should include any parent, subsidiary, or affiliate of the applicant/borrower/project sponsor that is involved in the management, operation, or development of the project.

Response:

2. Fraud, Corruption, or Serious Harm

Disclose any civil, criminal, or regulatory action in which the applicant/borrower/project sponsor, or any current board members (not including volunteer board members of non-profit entities), partners, limited liability corporation members, senior officers, or senior management personnel has been named a defendant in such action in the past 10 years involving fraud or corruption, matters related to employment conditions (including, but not limited to wage claims, discrimination, or harassment), or matters involving health and safety where there are allegations of serious harm to employees, the public or the environment.

Response:

Disclosures should include civil or criminal cases filed in state or federal court; civil or criminal investigations by local, state, or federal law enforcement authorities; and enforcement proceedings or investigations by local, state, or federal regulatory agencies. The information provided must include relevant dates; the nature of the allegation(s), charges, complaint, or filing; and the outcome.

RELIGIOUS AFFILIATION DUE DILIGENCE

(Only for Applicant with Religious Affiliation)

Note: You may respond directly on this form or attach additional pages as needed.

CHFFA may request additional information regarding the responses to these questions.

QUESTIONS	ANSWER (Yes or No) Please provide explanations as requested
<ul style="list-style-type: none"> Does the facility admit patients or residents of all religions and faiths? 	<input type="checkbox"/> Yes <input type="checkbox"/> No (please explain)
<ul style="list-style-type: none"> Are patients/residents ever turned away because of their religious affiliation? 	<input type="checkbox"/> Yes (please explain) <input type="checkbox"/> No
<ul style="list-style-type: none"> Does the facility grant any preference, priority, or special treatment with respect to admission, treatment, payment, etc., based on religion or faith? 	<input type="checkbox"/> Yes (please explain) <input type="checkbox"/> No
<ul style="list-style-type: none"> Does the facility focus on the needs of, market to, or target, a particular religious population? 	<input type="checkbox"/> Yes (please explain) <input type="checkbox"/> No
<ul style="list-style-type: none"> Does the facility discourage individuals from seeking admission to the facility on the basis of religion? 	<input type="checkbox"/> Yes (please explain) <input type="checkbox"/> No
<ul style="list-style-type: none"> Is it the facility's mission to serve patients/residents of a particular religion? 	<input type="checkbox"/> Yes (please explain) <input type="checkbox"/> No
<ul style="list-style-type: none"> What percentage of the patients/residents admitted and treated at the facility are of the same religious denomination as the facility's religious affiliation? 	

APPLICATION AGREEMENT

Please have the individual with the authority to commit the applicant to contract complete the following agreement:

1. I agree that to the best of my knowledge, the information contained in this application and the accompanying supplemental materials are true and accurate. I further understand that misrepresentation may result in the cancellation of the loan and that CHFFA is authorized to take additional actions, if needed.
2. I agree that all legal disclosure information requested has been disclosed to the best of my ability.
3. I agree that loan proceeds shall be used solely for working capital to support operations.
4. I agree that the Applicant is a Nondesignated Public Hospital as defined in the Nondesignated Public Hospital Bridge Loan Program II Guidelines approved by CHFFA.
5. In the event the Applicant does not pay off its loan within 24 months of the loan agreement, I hereby agree to assign all of the Applicant's rights to 20% of the Medi-Cal checkwrite payments to CHFFA until the loan amount has been satisfied.
6. I acknowledge the Authority Loan Fee is 1% of the loan amount is due at closing and will be deducted from loan proceeds.

By (Print Name)

Signature

Title

Date