

CALIFORNIA HEALTH FACILITIES FINANCING AUTHORITY (AUTHORITY)

Resolution No. 2023-02

**Interagency Agreement with the
Department of Health Care Access and Information**

May 25, 2023

Resolution No. 2023-02 would authorize the execution of an interagency agreement with the Department of Health Care Access and Information (HCAI) to assist with the implementation of the Distressed Hospital Loan Program (Program) for the period of May 15, 2023 through December 31, 2031.

On May 15, 2023, the Program was established through the approval of urgency legislation, Chapter 6, Statutes of 2023 (Assembly Bill 112). And pursuant to Health and Safety Code Section 129382 (b), HCAI shall enter into an interagency agreement with the Authority to implement the Program. The Authority will work alongside HCAI to assist in determining the application process, underwriting review, and methodology for approval and distribution. The Authority will also issue the cashflow loans to the eligible hospitals as solely determined by HCAI and assist with the application process for loan forgiveness or modification of the terms of the loan in the future.

The proposed interagency agreement is for an amount up to \$150,000,000. The Authority will disburse loan proceeds from the Program Fund to the eligible hospitals in the amounts as determined by HCAI. HCAI may allocate an amount not to exceed five percent of the total Program funds to administer the Program, including administrative costs to the Authority, totaling \$7.5 million.

Staff recommends approval of the proposed interagency agreement.

RESOLUTION NO. 2023-02

**RESOLUTION OF THE CALIFORNIA HEALTH FACILITIES
FINANCING AUTHORITY RELATING TO THE APPROVAL OF
AN INTERAGENCY AGREEMENT WITH THE
DEPARTMENT OF HEALTH CARE ACCESS AND INFORMATION**

WHEREAS, the California Health Facilities Financing Authority (the “Authority”), a public instrumentality of the State of California, is authorized under Government Code section 15438(o) to enter into agreements or contracts necessary to carry out the powers of the Authority; and

WHEREAS, the Authority is authorized by the provisions of Chapter 6, Statutes of 2023 (Assembly Bill 112 - Health and Safety Code Section 129380, et seq), the Distressed Hospital Loan Program (the “Program”), to issue zero-interest cashflow loans for working capital to eligible not-for-profit and public hospitals in significant financial distress or to governmental entities representing closed hospital to prevent closure or facilitate the reopening of a closed hospital in a total amount of \$150,000,000, less administrative costs at the direction of the Department of Health Care Access and Information (the “Department”); and

WHEREAS, the Department may allocate an amount not to exceed five percent of the total Program funds to administer the program, including administrative costs to the Authority, totaling \$7.5 million; and

WHEREAS, the Executive Director and Deputy Executive Director, in the Executive Director’s absence, are delegated the power to assist the Department in determining the Program application process, underwriting review, and methodology for approval and distribution of the loans under the Program and to issue loans at the direction of the Department;

NOW, THEREFORE, BE IT RESOLVED that the Executive Director and the Deputy Executive Director are hereby authorized to prepare, execute, and take whatever steps necessary to obtain all required approvals for an interagency agreement with the Department of Health Care Access and Information in an amount not to exceed \$150,000,000 for the period of May 15, 2023 through December 31, 2031.

Date of Adoption: _____