

**CALIFORNIA HEALTH FACILITIES FINANCING AUTHORITY
HEALTHCARE EXPANSION LOAN PROGRAM II (HELP II)
EXECUTIVE SUMMARY**

Applicant: Sierra View Homes (Sierra View) 1155 E. Springfield Avenue Reedley, CA 93654 Fresno County	Amount Requested: \$950,000 Requested Loan Term: 20-year fixed Annual Interest Rate: 3% Authority Meeting Date: September 25, 2025 Resolution Number: HII-365
Project Site: Same as above Facility Type: Skilled Nursing Facility Eligibility: Government Code section 15432(d)(3) & (7)	
Prior HELP II Borrower: Yes (March 2019)	
Background: Sierra View is a non-profit senior retirement community in Fresno County that provides short and long-term rehabilitation services as well as restorative nursing care to the elderly. Sierra View’s mission is to provide an outstanding full-service retirement community for seniors that celebrates and enhances the life of each resident.	
Use of Loan Proceeds: Loan proceeds will be used to construct carports that will hold solar panels to provide energy to the facility. The proposed project will bring down high energy costs used to run Sierra View’s facilities.	
Financing Structure: <ul style="list-style-type: none">• 20-year, three percent (3%) fixed rate loan• 240 equal monthly payments of approximately \$5,269 (annual payments of approximately \$63,224)• Second lien on real property located at 1140 E. Evening Glow Avenue, Reedley, CA 93654 (CHFFA currently holds the first position)• California Department of Healthcare and Access Information (HCAI) consent for additional debt• Subordination Agreement with HCAI• A current appraisal that exhibits CHFFA’s loans have a combined loan-to-value ratio not to exceed 95%• Executed construction contract• Corporate gross revenue pledge• Verification of borrower funds to close escrow and complete the project	
Financial Overview: Sierra View’s income statement appears to display fluctuating revenues over the review period. Sierra View appears to display a positive balance sheet with a pro forma FY 2024 net debt service coverage ratio of 1.3x.	
<u>Estimated Sources of Funds:</u>	<u>Estimated Uses of Funds:</u>
HELP II loan \$ 950,000	Construction \$ 1,150,000
Applicant funds 213,875	Financing costs 13,875
Total Estimated Sources \$ 1,163,875	Total Estimated Uses \$ 1,163,875
Due Diligence: Staff has confirmed the documentation provided by Sierra View satisfies the California Health Facilities Financing Authority’s (Authority) eligibility and legal review requirements.	
Staff Recommendation: Staff recommends the Authority approve Resolution No. HII-365 in an amount not to exceed \$950,000 for Sierra View Homes, subject to the terms and conditions in the resolution. TAP International, Inc., the Authority’s financial analyst, concurs with the Authority’s staff recommendation.	

I. PURPOSE OF FINANCING:

Sierra View is requesting a HELP II loan to finance the construction of carports on the facility parking lot and the installation of a new solar system attached to the carports. Sierra View currently spends over \$150,000 annually on energy costs related to caring for the residents at its campus. With the installation of the solar panels, Sierra View anticipates utility bill savings of approximately \$119,000 annually, helping Sierra View keep the cost of care for its middle income and Medi-Cal residents at a moderate level.

Construction..... \$1,150,000

The project will encompass the construction of carports, grading to support solar panels, installation of solar panels and inverters, and an electrical connection to the Pacific Gas and Electric (PG&E) panel situated at Sierra View's skilled nursing facility. Sierra View will install 690 solar panels, each producing approximately 535 watts of energy for a total of nearly 369.15 kilowatts annually. The energy provided from the solar panels will help power electric beds, mechanical lifts, therapeutic equipment, and maintain comfortable climates in the residents' homes.

The 2025 HELP II loan will be secured by a second lien position on the property located at 1140 E. Evening Glow Avenue in Reedley. The Authority currently holds the first lien position on this property with a HELP II loan provided in 2019. HCAI will subordinate its current second lien position, allowing the Authority to hold the second lien position with the new HELP II loan. When the subordination is complete, the Authority will hold both the first and second lien positions on the property. In addition, Sierra View will provide an appraisal for the real property, exhibiting the two HELP II loans have a combined loan-to-value ratio of less than 95% before the time of closing as well as an assurance of meeting the other security terms and conditions set forth in the resolution.

Financing Costs..... 13,875

Authority fees	\$11,875
Other closing costs	<u>2,000</u>

Total Estimated Uses of Funds..... \$1,163,875

II. FINANCIAL STATEMENTS AND ANALYSIS:

Sierra View Homes Statement of Activities (Income Statement)

	For the Years Ended December 31,		
	2024	2023	2022
Revenue			
Resident service revenue:			
Skilled nursing services	\$ 6,435,215	\$ 4,622,029	\$ 5,793,773
Assisted and independent living	3,788,118	3,742,875	3,732,162
Other operating income	114,718	271,418	170,939
Contributions	194,287	79,505	163,409
Total revenue	10,532,338	8,715,827	9,860,283
Expenses			
Salaries and wages	5,513,690	6,937,157	6,466,468
Employee benefits ^(a)	1,439,932	-	-
Contract services	832,137	336,221	1,067,662
Supplies	912,536	283,664	223,220
Insurance	218,638	185,321	196,285
Medical therapists, consultants and related expenses	-	424,870	469,924
Telephone and utilities	380,839	380,215	308,416
Repairs and maintenance	162,583	36,061	24,312
Licenses	-	61,852	143,571
Other operating expenses	311,365	144,004	120,670
Interest	336,699	347,935	358,150
Depreciation	703,251	692,841	691,147
Dietary food and supplies	-	541,777	472,607
Total expenses	10,811,670	10,371,918	10,542,432
Loss from operations	(279,332)	(1,656,091)	(682,149)
Other revenue			
Provision for doubtful accounts	-	-	(369,003)
Investment income	420,668	388,931	(218,697)
Other income - employee retention credit	-	-	1,858,325
Total other revenue	420,668	388,931	1,270,625
Revenue in excess of expenses and change in net assets without donor restrictions	141,336	(1,267,160)	588,476
Net assets without donor restrictions at beginning	7,088,922	8,356,082	6,988,486
Net assets without donor restrictions at end	\$ 7,230,258	\$ 7,088,922	\$ 7,576,962

^(a) Employee benefits were included with Salaries and wages for FYs 2022 and 2023.

Sierra View Homes
Statement of Financial Position
(Balance Sheet)

	As of December 31,		
	2024	2023	2022
Assets			
Current assets			
Cash and cash equivalents	\$ 287,971	\$ 130,117	\$ 604,452
Resident accounts receivable-			
Net of allowances for doubtful accounts of \$570,000	1,032,425	1,047,207	1,936,440
Other accounts receivable	751,458	661,641	1,858,325
Loan to Bethel Lutheran Home	-	-	17,882
Investments	1,722,314	1,249,538	947,622
Current portion of assets limited as to use-			
Held by trustee under trust agreement	414,599	347,674	312,899
Prepaid expenses	23,574	34,479	41,724
Total current assets	4,232,341	3,470,656	5,719,344
Assets limited as to use - Held to trustee under trust agreement	380,546	379,453	380,707
Property and equipment - Net	12,698,846	13,155,099	13,329,335
Investments in captive insurance companies	1,396,415	1,393,255	122,084
Total assets	<u>\$ 18,708,148</u>	<u>\$ 18,398,463</u>	<u>\$ 19,551,470</u>
Liabilities and Net Assets			
Current liabilities			
Current maturities of long-term debt	\$ 464,236	\$ 512,815	\$ 500,409
Accounts payable - Other	662,227	266,448	604,698
Accrued compensation	408,531	-	-
Accrued interest	106,155	108,989	112,259
Wages and related benefits payable	-	293,828	202,524
Due to third-party reimbursement programs	208,304	-	-
Total current liabilities	1,849,453	1,182,080	1,419,890
Long-term liabilities			
Long-term debt, less current maturities	9,304,843	9,769,285	10,282,858
Deferred revenue	321,639	299,793	269,424
Refundable deposits	1,955	-	-
Other noncurrent liabilities	-	58,383	2,336
Total long-term liabilities	9,628,437	10,127,461	10,554,618
Total liabilities	11,477,890	11,309,541	11,974,508
Net Assets without donor restriction	7,230,258	7,088,922	7,576,962
Total liabilities and net assets	<u>\$ 18,708,148</u>	<u>\$ 18,398,463</u>	<u>\$ 19,551,470</u>

	Proforma ^(a)			
	FYE 12/31/2024	2024	2023	2022
Debt Service Coverage - Net (x)	1.3	1.4	(0.3)	2.0
Debt to Unrestricted Net Assets (x)	1.5	1.4	1.5	1.4
Margin (%)		(2.7)	(19.0)	(6.9)
Current Ratio (x)		2.3	2.9	4.0

^(a) Recalculates FY 2024 audited results to include the impact of this proposed financing.

Financial Discussion

Sierra View's income statement appears to display fluctuating revenues over the review period.

Sierra View's total revenue declined from approximately \$9.9 million in FY 2022 to \$8.7 million in FY 2023 but increased to \$10.5 million in FY 2024. The highest share of revenue growth appears to be attributed to skilled nursing services, which initially decreased from just over \$5.8 million in FY 2022 to about \$4.6 million in FY 2023 before rebounding to approximately \$6.4 million in FY 2024. Sierra View's management explains that the skilled nursing services revenue in FY 2022 was inflated due to a government enhancement program related to COVID-19 in which Sierra View booked nearly \$1.9 million in revenue in FY 2022. The increase in FY 2024 was due to additional partial payments of the COVID-19 funding.

Total expenses increased at a relatively slow rate from approximately \$10.5 million in FY 2022 to approximately \$10.8 million in FY 2024, an overall increase of about 3%. Salaries, wages, and employee benefits increased slightly from about \$6.5 million in FY 2022 to approximately \$6.9 million in FY 2023 and remained about the same in FY 2024. In previous years, Sierra View accommodated higher-acuity patients, which necessitated hiring more specialized staff, particularly registered nurses and IV specialists. Sierra View now takes fewer high-acuity patients as the risk is too high, and this has allowed Sierra View to better manage its expenses. Contract services expense fluctuated over the review period, decreasing from approximately \$1.1 million in FY 2022 to approximately \$336,000 in FY 2023, then increasing to approximately \$832,000 in FY 2024. According to Sierra View's management, contract services, particularly for services such as physical, occupational, and speech therapies, fluctuate depending on the volume of residents who need the services and how much insurance companies will pay.

Sierra Views had negative operating margins each year of the review period. Sierra View's management explains that as a long-term consequence of COVID-19, salaries and wages, especially for Registered Nurses, Licensed Vocational Nurses, and Certified Nursing Assistants have been pushed up over the years. Sierra View has consistently surpassed the staffing requirements set by both State and Federal regulations, but Sierra View has recently pared down its staffing while still meeting those regulatory requirements. Sierra View also saw its Medi-Cal reimbursement rate drop to \$238 per patient per day due to the State's financial crisis but is expecting its rate to increase to \$266 per patient per day moving forward based on cost reports.

Although the new federal legislation is expected to tighten conditions on Medicaid/Medi-Cal, Sierra View does not expect a significant impact as the number of people needing skilled nursing services will continue to grow. As previously mentioned, Sierra View also anticipates an increase to its Medi-Cal reimbursement rate, which is facility specific.

Sierra View appears to display a positive balance sheet with a pro forma FY 2024 net debt service coverage ratio of 1.3x.

Sierra View's net debt service coverage ratio fluctuated over the review period from 2x in FY 2022 to negative 0.3x in FY 2023 and ending the review period at a positive 1.4x in FY 2024. The negative 0.3x ratio in FY 2023 appears to be heavily weighted by the large loss in net income of approximately \$1.3 million in the same year. Considering the proposed 2025 HELP II loan, the FY 2024 pro forma net debt service coverage ratio will be 1.3x, indicating the ability to repay the additional debt.

Although Sierra View's debt to unrestricted net assets ratio can be considered high, it is notable that it has remained steady through the review period at 1.4x in FYs 2022 and 2024 and 1.5x in FY 2023. However, Sierra View's long-term debt decreased annually as the organization paid down its loans, from nearly \$10.3 million in FY 2022 to approximately \$9.3 million in FY 2024. Notably, Sierra View paid off its 2009 HELP II loan in November 2024. With the addition of the proposed 2025 HELP II loan, the FY 2024 pro-forma debt-to-unrestricted net assets ratio remains steady at 1.5x.

Investments in captive insurance companies significantly increased from approximately \$122,000 in FY 2022 to nearly \$1.4 million in FY 2023. Sierra View, along with other similar facilities, formed captive insurance companies, which provide a form of self-insurance and allow Sierra View to better control insurance costs and mitigate risk. According to Sierra View's management, the organization identified balances held at captive insurance companies that were misallocated to Sierra View's subscriber accounts. After identifying the error, the amounts were corrected and recorded as investments in FY 2023.

III. UTILIZATION

Clients Served
Fiscal Year Ending December 31,

	2024	2023	2022
Totals	243	250	245

IV. OUTSTANDING DEBT

	Original Amount	Amount Outstanding as of December 31, 2025	Estimated Amount Outstanding after Proposed Financing
EXISTING LONG-TERM DEBT			
Certificates of Participation, Series 2016A	\$9,750,000	\$9,175,000	\$9,175,000
HELP II Loan (2019)	750,000	580,303	580,303
PROPOSED NEW DEBT			
HELP II Loan (2025)			950,000
TOTAL DEBT		<u>\$9,755,303</u>	<u>\$10,705,303</u>

V. BACKGROUND AND LICENSURE

Background

Sierra View is a non-profit senior retirement community in Fresno County that acts as a home and skilled nursing service provider to approximately 250 individuals over the age of 65 annually. Sierra View was established in 1960 as a small retirement care community and has now grown to operate a 78-bed assisted living facility, a 59-bed skilled nursing facility, an independent retirement facility with 115 apartments, and a 51-room residential care facility situated on a 13-acre campus. Sierra View's mission is to provide an outstanding full-service retirement community for seniors that celebrates and enhances the life of each resident.

Sierra View offers a spectrum of care from independent living to residential care, with options for nursing care and rehabilitation to meet the individual needs of each resident. The medical services that Sierra View provides are certified by Medicare, Medi-Cal, and most long-term insurance plans. Sierra View's nursing center offers short and long-term rehabilitation and restorative nursing care. Basic services of its Skilled Nursing Program include twenty-four-hour care by licensed nurses and certified nursing assistants, dietary services, housekeeping, activities programs, and rehabilitation services including physical, occupational, and speech therapies. Additionally, Sierra View's campus includes a nursing center, dining services, and a wellness center, which consists of an indoor swimming pool and exercise equipment.

Licensure, Certification, and Accreditation

Sierra View is licensed by the State of California Department of Public Health to operate and maintain a Skilled Nursing Facility. Additionally, Sierra View is licensed by the California Department of Social Services to operate and maintain a Residential Care Facility. Sierra View is a Continuing Care Retirement Community licensed by the Continuing Care Branch of the Department of Social Services.

RESOLUTION NO. HII-365

RESOLUTION OF THE CALIFORNIA HEALTH FACILITIES FINANCING AUTHORITY APPROVING EXECUTION AND DELIVERY OF HEALTHCARE EXPANSION LOAN PROGRAM II (HELP II) AGREEMENTS WITH SIERRA VIEW HOMES

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, or equipping of a health facility; and

WHEREAS, the Authority established HELP II (the “Program”) to provide loans to participating health institutions (as that term is defined in the Act) as authorized by the Act; and

WHEREAS, **Sierra View Homes** (the “Borrower”), a California participating health institution, has applied to the Authority for a loan through the Program, the application has been reviewed by the staff of the Authority, and the staff of the Authority has determined that the Borrower is eligible for a Program loan; and

WHEREAS, the Borrower now seeks approval of the loan by the Authority;

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

Section 1. Pursuant to the Act, the Authority approves a loan (the “Loan”) to the Borrower in an amount not to exceed **\$950,000** for a term not to exceed **20 years** for the purpose described in Exhibit A of this resolution (the “Project”), but solely to the extent there are available proceeds of the Program, as determined pursuant and subject to Section 2 hereof. This approval is further contingent upon the following conditions:

1. 20-year, three percent (3%) fixed rate loan
2. Second lien position on real property located at 1140 E. Evening Glow Avenue, Reedley, CA 93654
3. California Department of Healthcare and Access Information (HCAI) consent for additional debt
4. Subordination Agreement with HCAI
5. A current appraisal that exhibits CHFFA’s loans have a combined loan to value ratio not to exceed 95%
6. Executed construction contract
7. Corporate gross revenue pledge
8. Verification of borrower’s funds to close escrow and complete the project

Section 2. The Executive Director and/or the Deputy Executive Director are hereby authorized, for and on behalf of the Authority, to determine the final amount, terms, and conditions of the Loan, and to approve any changes in the Project described in the application submitted to the Authority, as that officer shall deem appropriate and authorized under the Act, provided that the amount of the Loan may not be increased above the amount approved by the Authority and provided further that the Loan continues to meet the Authority's guidelines for HELP II loans. This resolution shall not be construed to require the Authority to obtain any additional funding, even if more loans are approved than there is available funding.

Section 3. The Executive Director and/or the Deputy Executive Director are hereby authorized and directed, for and on behalf of the Authority, to draw money from the Program fund in a sum not to exceed those amounts approved by the Authority for the Loan. The Executive Director and/or the Deputy Executive Director are further authorized and directed, for and on behalf of the Authority, to execute and deliver to the Borrower any and all documents necessary to complete the transfer of those amounts.

Section 4. The Executive Director and/or the Deputy Executive Director of the Authority are hereby authorized and directed to do any and all things and to execute and deliver any and all documents that the Executive Director and/or the Deputy Executive Director deems necessary or advisable to document the Loan and to otherwise effectuate the purposes of this resolution and the transactions contemplated hereby, and that have previously been approved as to form by the Authority.

Section 5. This resolution is repealed on March 31, 2026.

Date of Approval: _____

EXHIBIT A

USE OF HELP II LOAN PROCEEDS FOR RESOLUTION NO. HII-365

- Construction of carports and installation of solar energy system at its facility located at 1155 E. Springfield Avenue, Reedley, CA 93654