

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

## **STAFF SUMMARY RECOMMENDATION**

### **RESOLUTION OF THE CALIFORNIA HEALTH FACILITIES FINANCING AUTHORITY DELEGATING CERTAIN POWERS AND AUTHORIZING CERTAIN ACTIONS RELATED TO LOAN FINANCINGS**

**Resolution No. 2026-02**

**January 29, 2026**

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#### **PURPOSE OF THE RESOLUTION:**

Staff is requesting the Authority authorize the Chair, any deputy to the Chair, the Executive Director, and the Deputy Executive Director, certain powers and actions related to loan financings as summarized below.

The delegated actions taken by the Authority under Resolution No. 2023-07 for Calendar Year 2025 are summarized in the attachment to this staff report.

#### **BACKGROUND:**

The California Health Facilities Financing Authority (CHFFA or the Authority) operates pursuant to the CHFFA Act (Government Code sections 15430 – 15463). Section 15436, authorizes the Authority to delegate to its members, the Executive Director, or any other official or employee of the Authority any powers and duties that it may deem proper.

From time to time, a participating Healthcare Expansion Loan Program II (HELP II) borrower may desire to seek the consent of the Authority or amendments to various aspects of borrower loan documents to accomplish specific things such as (1) changing the trustee on the deed of trust, (2) selling, encumbering or transferring assets, (3) mergers, acquisitions, dissolutions, consolidations or affiliations, (4) changing the legal name or place of business of the borrower, (5) subordinating or otherwise altering the Authority's security interests, (6) incurring additional debt, (7) temporary waivers or extensions of certain financial reporting or compliance requirements, and (8) prepaying HELP II loans. Absent a delegation of those powers to staff to execute amendments or grant consent to borrowers, staff must seek formal Authority Board approval of these amendments or consents. In the interest of streamlining the borrowing processes and expediting the administrative processes, the Authority Board authorizes the Chair, any deputy to the Chair, the Executive Director, and the Deputy Executive Director (each, an "Authorized Person"), subject to the terms, limitations, and conditions set forth in the delegation resolution, to consent to various amendments without first obtaining the approval of the Authority Board.

The proposed new delegation resolution delegates to any Authorized Person, the power to perform these specific actions when the consent or approval of the Authority is required by the applicable loan documents and those actions are made in accordance with the terms and conditions of the loan documents or as otherwise provided in the delegation resolution. All the below delegated actions are contained in the Authority's existing delegation resolution set to expire January 31, 2026, and are in the proposed delegation resolution.

- (i) Sign and certify resolutions adopted by the Authority.
- (ii) Execute and deliver all loan documents previously or hereafter approved by the Authority.
- (iii) Execute, amend, supplement and deliver certain loan documents.
- (iv) Consent to changes in trustees.
- (v) Authorize and/or execute subordination agreements for changes to security interests.
- (vi) Substitute real property as collateral with other real property.
- (vii) Acknowledge or consent to a merger, acquisition, dissolution, consolidation, affiliation, change in legal name or place of business or the sale, encumbrance or transfer of assets by a borrower.
- (viii) Carry out any ministerial actions contemplated by any loan documents.
- (ix) Respond to any litigation or claim made against the Authority in connection with any loan issue, or any investigation or audit of any loan by any state or federal regulatory or law enforcement authorities when a response is required by law and is necessary to protect the interests of the Authority, or to effectuate the terms of the applicable resolution adopted by the Authority.

Based on an evaluation of borrower needs and Program parameters, Authority staff recommends the addition of Section 9, which authorizes any Authorized Person, on a case-by-case basis, to grant temporary waivers or extensions of certain financial reporting or covenant compliance requirements under the applicable loan documents, provided that 1) the waiver or extension is required for auditing purposes; 2) the borrower is current on all loan repayments and 3) the waiver or extension does not modify any material term of the loan, forgive indebtedness, or impair the Authority's security or enforcement rights. Any waiver or extension granted pursuant to this authority must be administrative in nature and exercised solely to facilitate continued compliance with the Program. The Authority will review the nature of each request to determine the appropriate approval timeframe on a case-by-case basis, but no longer than one year. Additionally, bankruptcy petitions filed by any party to the loan documents were added to Section 10 Litigation. As with all previous delegation resolutions, the proposed delegation resolution will expire in two years, on February 29, 2028.

**RECOMMENDATION:**

Staff recommends the Authority approve Resolution No. 2026-02, authorizing the delegation of certain actions related to HELP II to the Chair, any deputy to the Chair, the Executive Director, and the Deputy Executive Director and subject to the terms and limitations contained within the Resolution.

**ATTACHMENT:**

HELP II Delegation of Powers Summary for Calendar Year 2025

**ATTACHMENT**

**HELP II DELEGATION OF POWERS SUMMARY**

**ACTIONS TAKEN UNDER RESOLUTION NO. 2023-07  
CALENDAR YEAR 2025**

<u>Reported at Board Meeting</u>	<u>Health Facility</u>	<u>Delegation Action</u>
<p><b>No HELP II Delegations from January 2025 to December 2025 to report.</b></p>		

**RESOLUTION NO. 2026-02**

**RESOLUTION OF THE  
CALIFORNIA HEALTH FACILITIES FINANCING AUTHORITY  
DELEGATING CERTAIN POWERS AND AUTHORIZING CERTAIN ACTIONS  
RELATED TO LOAN FINANCINGS**

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 (Gov. Code, §15430 et seq.)(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;

WHEREAS, the Authority established the Healthcare Expansion Loan Program II (the “Program”) to provide loans to participating health institutions as authorized by the Act;

WHEREAS, pursuant to Government Code section 15436 of the Act, the Authority may delegate to its members, the Executive Director, or any other official or employee of the Authority any powers and duties the Authority may deem proper;

WHEREAS, from time to time a participating health institution of the Program may desire to seek the Authority’s consent to amend various documents memorializing the loan between the Authority and the participating health institution (“Loan Documents”); change trustees; to sell encumber, or transfer assets; merge, acquire, dissolve, or affiliate, or consolidate with another participating health institution; change its name or place of business; or subordination of security interests in certain collateral;

WHEREAS, in the interest of streamlining and expediting the administrative process, the Authority desires to authorize the Chair, any deputy to the Chair, the Executive Director, and the Deputy Executive Director, upon the Executive Director’s written authorization or when the position of Executive Director is vacant or when the Executive Director is unavailable (each an “Authorized Person”) to carry out certain actions set forth below; and

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

**Section 1. Certification of Resolutions.** The Authority hereby delegates to any Authorized Person the power to sign and certify resolutions adopted by the Authority.

**Section 2. Loan Documents.** The Authority hereby delegates to any Authorized Person the power to execute and the power to deliver all documents previously or hereafter approved by the Authority, together with any modifications thereto the Authorized Person deems necessary, so long as such modifications do not affect specific Authority-approved loan terms, in connection with the issuance, disbursements, and prepayment of loans, including, without limitation, loan and security agreements, disbursement memorandums, and loan closing documents.

**Section 3. Amendments and Supplements.** The Authority hereby delegates to any Authorized Person the power to execute and the power to deliver any amendment to any Loan Documents, as may be necessitated by the sections in this Resolution, provided that amendment (1) does not provide for any additional material duties of/or costs to the Authority, other than costs that will be reimbursed no later than the effective date of the amendment, (2) does not affect specific Authority-approved loan terms; and (3) does not modify any provision for the indemnification of the Authority or any members, directors, officers, employees, or agents of the Authority.

**Section 4. Change of Trustee.** The Authority hereby delegates to any Authorized Person, the power to approve or consent to a change in trustees as necessary.

**Section 5. Subordination of Security Interests.** The Authority hereby delegates to the any Authorized Person the power to approve or authorize requests for subordination agreements that cause the Authority's security interest in:

(1) a real property lien position as collateral to be subordinated to:

(A) the Department of Health Care Access and Information, Cal-Mortgage Loan Insurance Division ("HCAI"), when the borrower has engaged in Authority-approved bond financing insured through HCAI, whether through new issuance or refinancing; and/or

(B) a financial institution when the borrower is requesting that the existing loan be subordinated to a lower lien position behind the financial institution's lien position, provided that a current appraisal, acceptable to Authority staff, demonstrates that the combined loan to value ratio does not exceed 75%;

(2) a gross revenue pledge to be subordinated to:

(A) HCAI when the borrower has engaged in Authority-approved bond financing insured through HCAI, whether through new issuance or refinancing; and/or

(B) a financial institution when the borrower is requesting short-term debt if the Authority holds the first lien position on the real property collateral and (i) the current outstanding loan to original appraised value of the real property is 75% or less, or (ii) if the current outstanding loan to original appraised value is greater than 75% and the borrower provides a current appraisal, acceptable to Authority staff, demonstrating the current loan to value ratio of 95% or less as set forth in the original loan requirements;

Prior to the authorization or approval of any subordination agreement, Authority staff are required to perform a financial analysis, as required of all new applications for financing, and engage in additional due diligence to determine the current fair market value utilizing various appraisal tools deemed acceptable to Authority staff, including, but not limited to, an online third-party property appraiser and/or the applicable county assessor's assessed property value. Subordination of gross revenues for loans for the purpose of equipment purchases are not allowed.

**Section 6. Collateral Substitution.** The Authority hereby delegates to any Authorized Person the power to substitute real property as collateral with other real property provided there is a current appraisal, the loan to value ratio is at least 95%, and the Authority's lien position remains as approved by the Authority, or if the Authority's lien position is to be subordinated as set forth in Section 5, then the loan to value ratio meets the Section 5 requirements.

**Section 7. Merger, Acquisition, Dissolution, Legal Name Change, etc.** The Authority hereby delegates to any Authorized Person the power to acknowledge or consent to a merger, acquisition, dissolution, consolidation, or affiliation of a borrower; a change to borrower's legal name or place of business; or the sale or other transfer of the assets of a borrower when that approval or consent by the Authority is required by the applicable Loan Documents and is provided in compliance with the applicable Loan Documents.

**Section 8. Ministerial Actions.** The Authority hereby delegates to any Authorized Person the power to carry out any ministerial actions contemplated by any Loan Documents, including, but not limited to, prepayment.

**Section 9. Limited Administrative Waivers and Extensions.** The Authority hereby delegates to any Authorized Person, the power to grant limited, temporary waivers or extensions of certain financial reporting or compliance requirements under the applicable Loan Documents, provided that (1) the waiver or extension is required for auditing purposes; (2) the borrower is current on loan repayments; and (3) such waiver does not modify any material term of the loan, forgive indebtedness, or impair the Authority's security or enforcement rights.

Any waiver or extension granted pursuant to this section shall be administrative in nature and exercised solely to facilitate continued compliance with the Program. The Authority will review the nature of the request to determine the approval timeframe of the waiver or extension on each case-by-case basis, but no longer than one year.

**Section 10. Litigation, etc.** The Authority hereby delegates to any Authorized Person the power to respond on behalf of the Authority to any audit, investigation, litigation, claim, threat of litigation, or claim made to or against the Authority or any of its members, directors, officers, or employees in connection with any loan, or any investigation or audit or other review of any loan by any state or federal regulatory or law enforcement authorities when a response is required by law and is necessary to protect the interests of the Authority or any bankruptcy petition filed by any party to the loan documents (hereinafter "Claims Made"), or to effectuate the terms of the applicable Authority resolution authorizing the loan. The Executive Director or the Deputy Executive Director, whenever the Executive Director is otherwise unavailable, are required to provide immediate notice within three working days to each of the members of the Authority regarding any Claims Made prior to taking any action as permitted by this section, to provide all members with the opportunity to request a properly-noticed meeting be convened to discuss the Claims Made.

**Section 11. Exercise of Delegations Discretionary.** Nothing in this Resolution requires any Authorized Person to exercise the powers delegated herein, and the Executive Director and the proposed action may instead be brought before the Authority for consideration.

**Section 12. Supplemental Delegations.** The Authority may in any future resolution delegate additional powers to the Chair, any Deputy of the Chair, the Executive Director, the Deputy Executive Director, or other officers or employees of the Authority, or eliminate, modify, or restrict any delegation granted in this Resolution. Except as expressly provided in Section 3, the powers delegated in this Resolution are deemed to be in addition to and do not limit, any prior delegation of power or authorization. The authorization contained in this Resolution applies to any loan now or hereafter outstanding.

**Section 13. Delivery.** The power delegated under this Resolution to each of the Executive Director and the Deputy Executive Director to deliver executed documents extends to documents executed by either that officer or both officers. Notwithstanding anything to the contrary in this Resolution, any document executed by the Executive Director in accordance with this Resolution may be delivered by the Deputy Executive Director regardless of whether the Deputy Executive Director was authorized to execute the document.

**Section 14. Reporting.** Except as may be otherwise required within this Resolution, the Executive Director and the Deputy Executive Director, as applicable, are required to report to the Authority monthly or, at a minimum, at the next scheduled meeting, all actions taken pursuant to the delegations of powers under this Resolution, unless the action is a subject for closed session pursuant to the Bagley-Keene Open Meeting Act (Gov. Code, §11120 et seq.), in which case the action will be reported in closed session or in writing to individual Authority members.

**Section 15. Opinion of Counsel.** The Executive Director or the Deputy Executive Director, as applicable, are required to seek and rely upon a formal or informal opinion from the Authority's in-house legal counsel to confirm compliance with one or more of the provisions of this Resolution.

**Section 16. Resolution No. 2023-07 is hereby rescinded, provided all actions previously taken pursuant to the powers delegated thereby or otherwise authorized shall remain valid.**

**Section 17.** This Resolution shall take effect from and after its adoption, and shall expire on February 29, 2028, unless extended by action of the Authority prior to that date.

Date of Adoption: \_\_\_\_\_