

California Health Facilities Financing Authority (Authority)

Community Clinic Grant Program of 2005 (CCGP)

Sequoia Community Health Foundation/Clinica Sierra Vista

Release of Remaining CCGP Retention to Successor Entity, Clinica Sierra Vista

**Staff Summary
Resolution No. 2011-01
March 24, 2011**

PURPOSE OF REQUEST:

Sequoia Community Health Foundation (“SCHF”) is a 2006 awardee of the CCGP and in 2008 received 90% of the funds awarded by the Authority. Five months after receiving 90% of the funds awarded, SCHF filed for bankruptcy and during the course of that bankruptcy was acquired by Clinica Sierra Vista (“CSV”). The Authority is a creditor of the pending bankruptcy and has been represented by the Attorney General’s office throughout the entire proceeding.

Fortunately for the Authority and for the community served by SCHF (and its successor CSV), CSV has completed the original project as contemplated in the original SCHF grant application approved by the Authority. Given the series of events as described more particularly below, staff seeks approval from the board to release the remaining 10% retention of the grant to CSV following (1) staff’s review of and finding that CSV has submitted all of the requisite documentation demonstrating CSV’s completion of the originally contemplated project and (2) staff’s visit to CSV’s site to confirm the project has been completed to the satisfaction of the Authority.

BACKGROUND:

On May 25, 2006, the Authority approved Resolution No. 2006-06, which awarded a total of \$40.1 million in grants to 146 grantees under the CCGP (Grantees). The funds were to be used for capital improvement projects such as construction, remodeling, facility acquisitions, equipment purchases and information technology expenditures.

SCHF was one of the 146 grantees and was approved on June 2, 2006 for the sum of \$750,000 to assist with expanding its facility to accommodate a growing need for medical record storage and to expand its behavioral health services division (“Project”). SCHF provided the necessary documentation to CHFFA to enable the release of 90% of the grant funds (\$675,000) in January 2008, but shortly thereafter filed for bankruptcy in June 2008 which temporarily suspended progress of the Project. On October 15, 2008, CSV acquired SCHF’s operations and subsequently informed the Authority of its intention to complete the Project as originally planned by its predecessor, SCHF. CSV indicates the Project has been completed and that all of the documentation substantiating completion of the project will soon be forwarded to the Authority for review and evaluation.

Assuming Authority staff determines the documentation to be satisfactory, the Authority will be in a position to release the remaining 10% (\$75,000) of the project grant. Currently, the former SCHF facility is operational and CSV is providing care to patients.

STAFF RECOMMENDATION: Staff recommends the Authority permit the release of the remaining CCGP 10% retention to CSV in the amount of \$75,000 following (1) staff's review of and finding that CSV has submitted all of the requisite documentation demonstrating CSV's completion of the originally contemplated project and (2) staff's visit to CSV's site to confirm the project has been completed to the satisfaction of the Authority.