



CALIFORNIA HEALTH FACILITIES FINANCING AUTHORITY

BOND

&

TAX-EXEMPT EQUIPMENT

FINANCING PROGRAMS

2018 ANNUAL REPORT

**BOND & TAX-EXEMPT EQUIPMENT
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Rendering of Sutter Health's California Pacific Medical Center Van Ness Campus, partially funded by CHFFA Series 2016 bonds & Series 2018A bonds

Overview

The California Health Facilities Financing Authority (CHFFA) offers two financing programs that provide financial assistance for California's public and non-profit health facilities: the Bond Financing Program and the Tax-Exempt Equipment Financing Program. The different financing programs allow borrowers the ability to determine which type of financing best fits the needs of the health care institution depending, on the specific use of proceeds.

Bond Financing Program

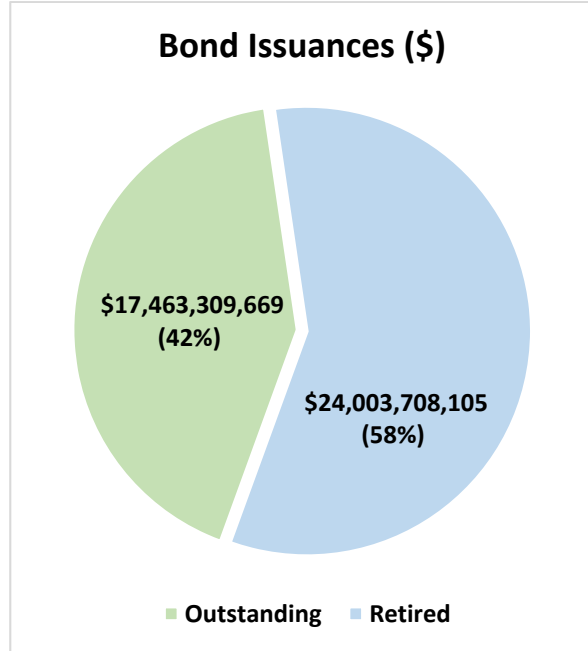
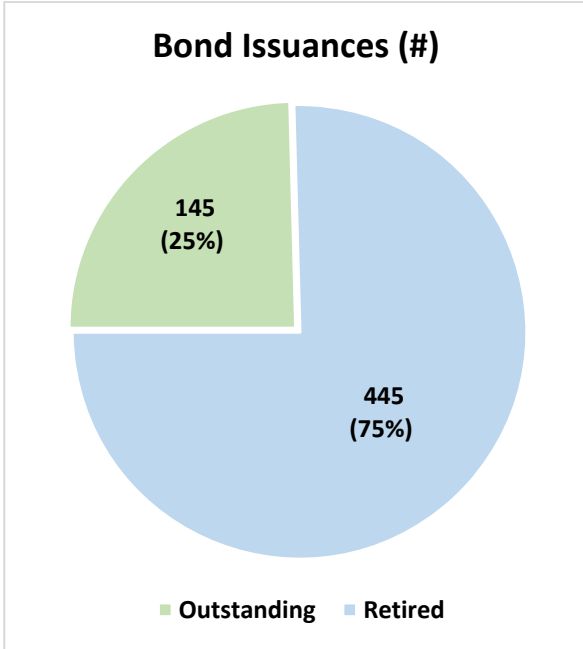
The Bond Financing Program provides eligible health facilities with access to low interest rate capital markets through the issuance of tax-exempt and taxable revenue bonds. Bond proceeds may be used to fund construction/renovation projects, land acquisition for future projects, acquisition of existing health facilities, refinancing of existing debt, working capital for start-up facilities and pay costs of issuance.

Tax-Exempt Equipment Financing Program

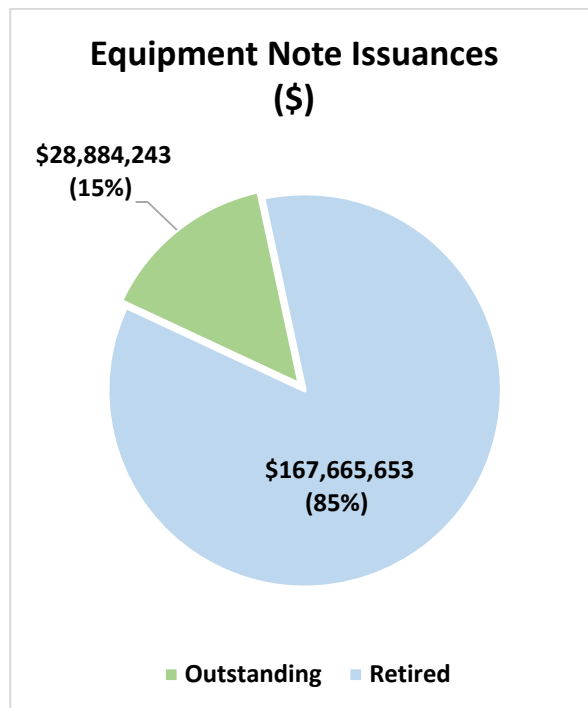
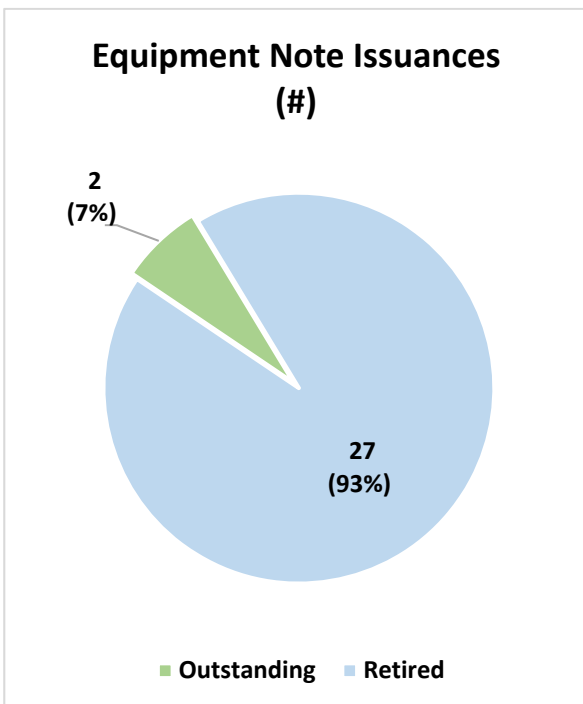
The Tax-Exempt Equipment Financing Program provides eligible health facilities with access to tax-exempt, fixed rate financing for equipment purchases. Funds may be used to purchase or reimburse all types of qualifying equipment including but not limited to medical and diagnostic equipment, computer hardware and software, telecommunication equipment and minor equipment installation costs.

Portfolio

Since its first bond issuance in 1981, CHFFA has issued 590 bonds for an aggregate total of approximately \$41.5 billion. As of December 31, 2018, CHFFA has 145 outstanding bond issuances totaling approximately \$17.5 billion.



Since 1994, CHFFA has issued 29 tax-exempt equipment notes for an overall total of approximately \$196.5 million. As of December 31, 2018, CHFFA had two outstanding tax-exempt equipment notes in the approximate amount of \$28.9 million.





LA BioMed's proposed new research facility, partially funded by CHFFA Series 2018 bonds

Summary of Calendar Year 2018 Financings

In 2018, CHFFA authorized two bond financings and one equipment note financing for three California health facilities, which resulted in a total issuance of \$688,860,000. The following provides a summary of CHFFA's bond and note issues that closed in 2018.

Sutter Health, Series 2018A

\$619,025,000

Bond proceeds were used to finance and reimburse costs associated with the ongoing construction, expansion, furnishing, and equipping of two new replacement hospitals located in San Francisco. Both hospitals have an estimated completion date of 2019.

LA BioMed, Series 2018

\$49,835,000

Bond proceeds were used to finance, refinance, and reimburse various capital improvements on the Los Angeles Biomedical Research Institute at Harbor-UCLA Medical Center campus, including the new biological resources center and

research tower. The new building was used to promote research, provide advanced equipment, and attract experienced scientists.

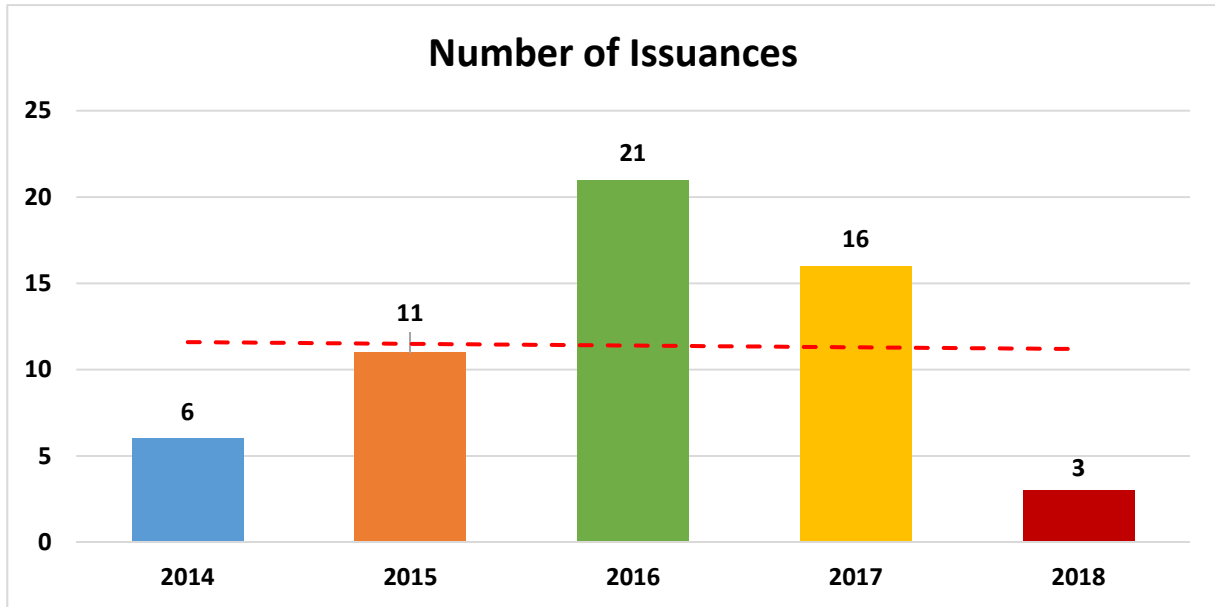
AltaMed Health Services Corporation, Series 2018A¹

\$20,000,000

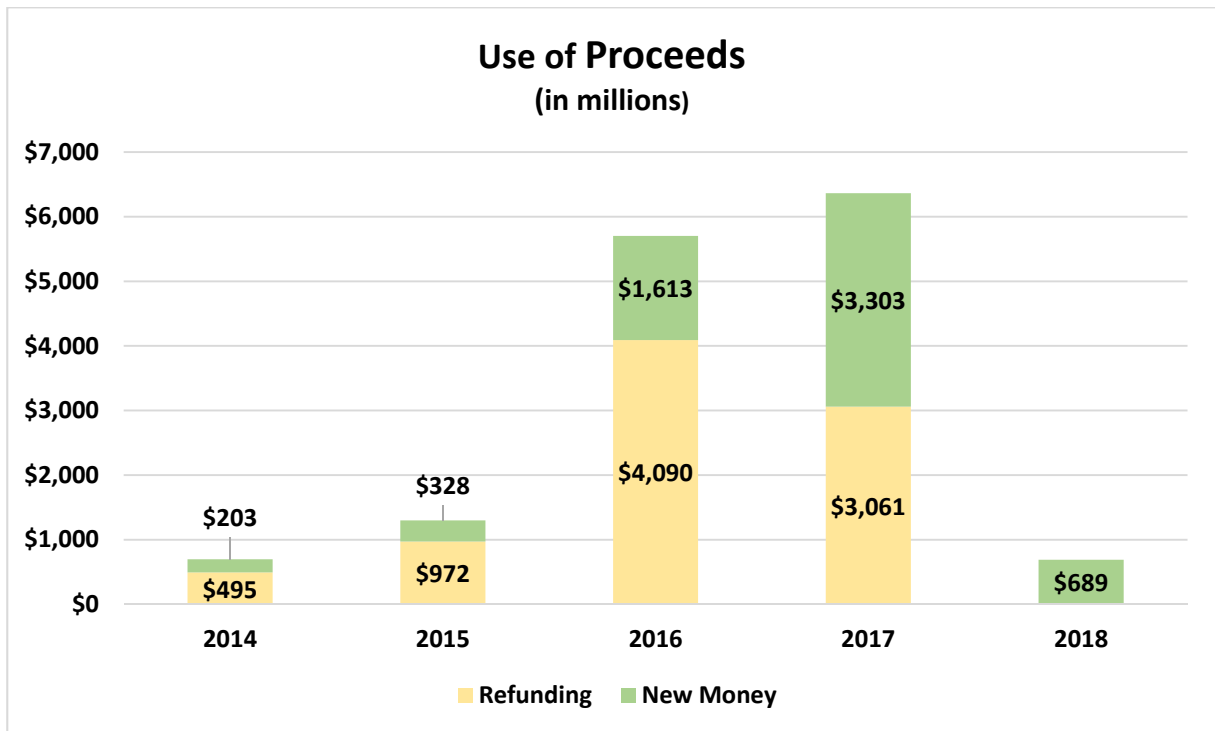
Note proceeds were used to finance the purchase of equipment, such as exam beds, x-ray machines, dental chairs, and other medical and dental supplies. Additionally, note proceeds financed the cost of the acquisition and implementation of a new cloud-based electronic medical record system.

¹AltaMed issued tax-exempt notes through CHFFA's Tax-Exempt Equipment Financing Program.

Five Year Trends



In December 2017, the Tax Cuts and Jobs Act was signed into law, which included a provision that eliminated the use of tax-exempt financing to advance refund private activity bonds. The effect of this elimination had a considerable impact on CHFFA’s bond issuances in 2018 and is depicted on these charts. CHFFA issued only three bonds in 2018 (all new money), significantly lower than the average over the last five years.



Five Year Summary of Bond & Equipment Financings

2018

<u>Health Facility</u>	<u>City</u>		<u>Amount</u>
Sutter Health	Sacramento	\$	619,025,000
LA BioMed	Torrance		49,835,000
AltaMed Health Services Corporation	Los Angeles		20,000,000
	Total	\$	688,860,000

2017

<u>Health Facility</u>	<u>City</u>		<u>Amount</u>
Kaiser Foundation Hospitals	Oakland	\$	4,400,000,000
Stanford Health Care	Stanford		575,000,000
Sutter Health	Sacramento		500,000,000
Children's Hospital Los Angeles	Los Angeles		400,000,000
Lucile Salter Packard Children's Hospital at Stanford	Stanford		200,000,000
Scripps Health	San Diego		168,500,000
City of Hope	Duarte		65,500,000
Montecito Retirement Association	Montecito		55,000,000
	Total	\$	6,364,000,000

2016

<u>Health Facility</u>	<u>City</u>		<u>Amount</u>
Providence Health & Services	Los Angeles	\$	1,816,990,000
Sutter Health	Sacramento		1,026,000,000
Cedars-Sinai Medical Center	Los Angeles		775,000,000
Sutter Health	Sacramento		550,000,000
Adventist Health System/West	Roseville		325,000,000
El Camino Hospital	Mountain View		325,000,000
Dignity Health	San Francisco		300,000,000
Lucile Packard Children's Hospital at Stanford	Stanford		250,000,000
Scripps Health	San Diego		150,000,000
Memorial Health Services	Fountain Valley		115,000,000
Casa Colina, Inc.	Los Angeles		36,400,000
Asian Community Center of Sacramento Valley, Inc.	Sacramento		20,000,000
Ampla Health	Yuba City		7,750,000
Petaluma Health Center	Petaluma		6,000,000
	Total	\$	5,703,140,000

2015

<u>Health Facility</u>	<u>City</u>		<u>Amount</u>
Cedars-Sinai Medical Center	Los Angeles	\$	458,000,000
Sutter Health	Sacramento		212,000,000
El Camino Hospital	Mountain View		175,000,000
Stanford Health Care	Stanford		175,000,000
AltaMed Health Services Corporation	Los Angeles		109,000,000
Northern California Presbyterian Homes & Services, Inc.	San Francisco		80,000,000
Marshall Medical Center	Placerville		35,000,000
California-Nevada Methodist Homes	Oakland		35,000,000
AltaMed Health Services Corporation	Oakland		21,000,000
	Total	\$	1,300,000,000

2014

<u>Health Facility</u>	<u>City</u>		<u>Amount</u>
Dignity Health	San Francisco	\$	330,000,000
Lucile Salter Packard Children's Hospital at Stanford	Stanford		200,000,000
Providence Health System-- Southern California	Los Angeles		150,000,000
Lincoln Glen Manor for Senior Citizens, Inc.	San Jose		13,000,000
Social Model Recovery Systems, Inc.	Covina		5,000,000
	Total	\$	698,000,000

Top Ten Borrowers

Below is a chart of CHFFA's top ten borrowers, in order of total amount of bonds outstanding. A further breakdown of dollar amount and total share of debt can be seen in the pie chart below. Although frequency of issuance varies, each of the top ten borrowers have had at least one new issuance in the past three calendar years. As of December 31, 2018, CHFFA's top ten borrowers were responsible for approximately 88% of outstanding CHFFA issued debt.

<u>Borrower's Name</u>	<u>First CHFFA Issuance</u>	<u>Most Recent CHFFA Issuance</u>
Sutter Health	1983	2018
Kaiser Foundation Hospitals	1983	2017
Providence St. Joseph Health	1983	2016
Dignity Health	1989	2016
Stanford Health Care	1984	2017
Cedars-Sinai Medical Center	1987	2016
Scripps Health	1985	2017
Lucile Salter Packard Children's Hospital	2003	2017
Adventist Health System/West	1987	2017
Children's Hospital Los Angeles	1987	2017

Outstanding CHFFA Issued Debt of Top Ten Borrowers (in millions)

