



CALIFORNIA HEALTH FACILITIES FINANCING AUTHORITY

BOND,
TAX-EXEMPT EQUIPMENT,
&
COMMERCIAL PAPER
FINANCING PROGRAMS

2024 ANNUAL REPORT

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Overview

The California Health Facilities Financing Authority (CHFFA) offers various financing programs that provide financial assistance for California's public and nonprofit health facilities, including the Bond Financing Program, the Tax-Exempt Equipment Financing Program, and the Commercial Paper 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 access to low interest rate capital markets through the issuance of tax-exempt revenue bonds. CHFFA also has the ability to issue taxable bonds through the program. Bond proceeds may be used to fund construction/renovation projects, to acquire existing health facilities, for land acquisition for future projects, to refinance existing debt, to pay the costs of issuance, and for limited working capital expenditures.

Tax-Exempt Equipment Financing Program

The Tax-Exempt Equipment Financing Program provides eligible health facilities 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.

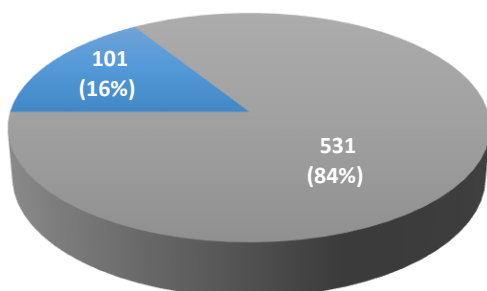
Commercial Paper Program

The Commercial Paper (CP) Program provides higher-rated and highly liquid health care entities or those that acquire a bank-provided liquidity facility with an alternative to traditional bond financing. Traditional bond financings require all bond proceeds to be deposited with a Trustee at closing and to be spent within three years, and borrowers issue bonds in an amount sufficient to fund one or more construction projects in their entirety. CP allows certain health care entities to issue multiple, short-term notes that can be timed to coincide with the exact timing of the funding need. The short-term CP notes are structured with maturities ranging from 1 to 270 days, and the interest rate on each CP note is fixed at the time of issuance, based on market conditions. The CP program typically consists of multiple issuances of CP notes, which, when taken as a whole, produces an overall variable rate borrowing cost. The CP Program parameters were approved by the Authority in July 2023.

Portfolio

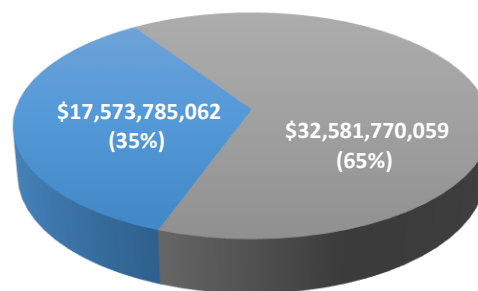
Since its first bond issuance in 1981, CHFFA has issued 632 bonds for an aggregate total of approximately \$50.2 billion. As of December 31, 2024, CHFFA had 101 outstanding bond issuances, totaling approximately \$17.6 billion.

Bond Issuances (#)



■ Outstanding ■ Retired

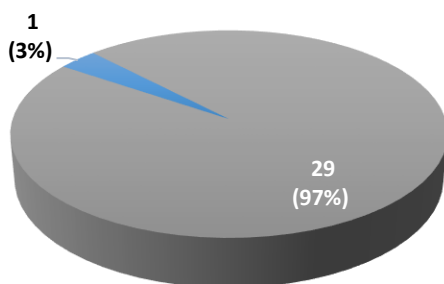
Bond Issuances (\$)



■ Outstanding ■ Retired

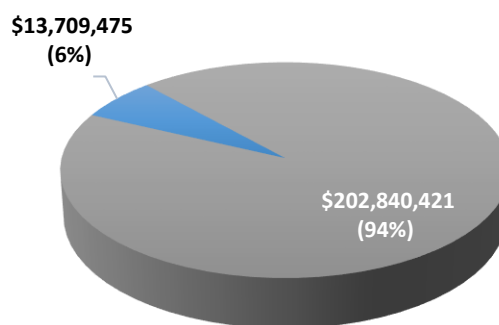
Since its first note issuance in 1994, CHFFA has issued 30 tax-exempt equipment notes for a total of approximately \$216.5 million. Usage of the Tax-Exempt Equipment Financing Program appears to be low because borrowers typically include equipment financings with larger bond issuances. As of December 31, 2024, CHFFA had one outstanding tax-exempt equipment note in the approximate amount of \$13.7 million.

Equipment Note Issuances (#)



■ Outstanding ■ Retired

Equipment Note Issuances (\$)



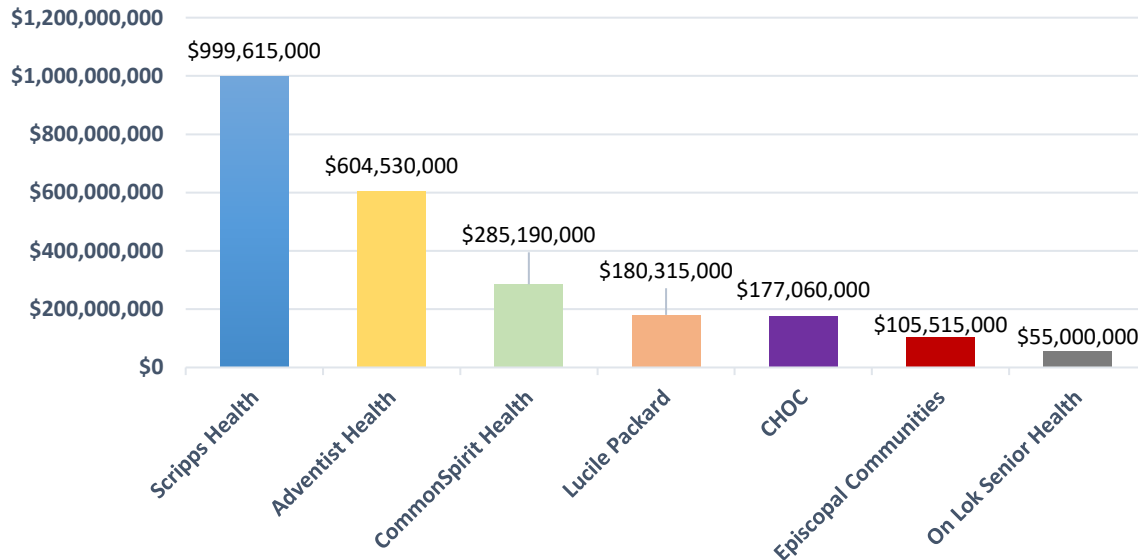
■ Outstanding ■ Retired

Stanford Health Care (SHC) is the only CHFFA borrower currently utilizing the CP Program. In 2024, CHFFA issued one note order on behalf of SHC for \$50 million.

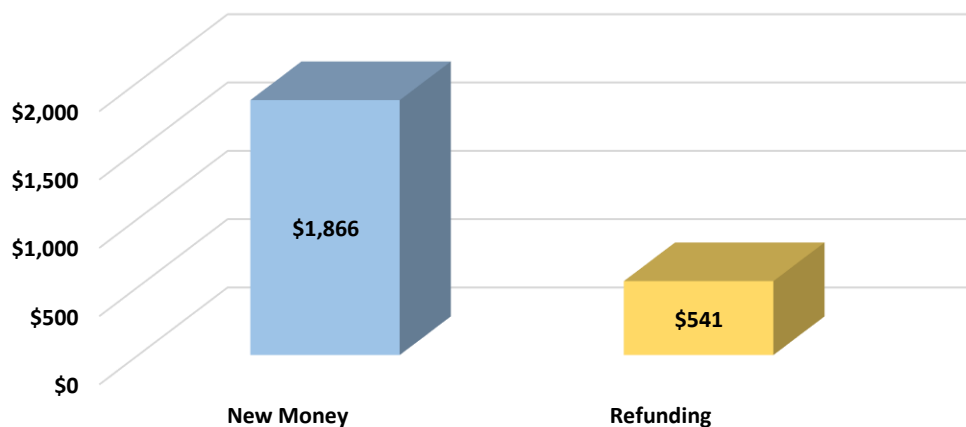
Summary of Calendar Year 2024 Financings

In 2024, CHFFA closed 13 bonds for seven healthcare facilities for a total par amount of more than \$2.4 billion. Of the total par amount issued, approximately \$1.9 billion was for new money projects and \$541 million was used for refunding. The following provides a summary of CHFFA's bond issues that closed in 2024.

Bond Issuances in 2024



2024 Use of Proceeds (in millions)



Scripps Health, Series 2024A, 2024B, 2024C-1, & 2024C-2

Amount Issued: \$999,615,000

Borrower Profile:

Established in 1924 and headquartered in San Diego, Scripps Health (Scripps) is a 501(c)(3) nonprofit, public benefit corporation that provides healthcare services throughout San Diego County. Scripps provides healthcare services to approximately 800,000 patients annually through 3,000 affiliated physicians and more than 16,000 employees among its five acute-care hospital campuses, home health care services, and an ambulatory care network of physician offices and more than 28 outpatient centers and clinics.

Project Description:

Bond proceeds were used to finance the costs of acquisition, construction, renovation, equipping, and improvement of certain health care facilities to meet the 2030 seismic safety standards and to construct new administrative offices. Bond proceeds were also used to refund existing debt.

Adventist Health System/West, Series 2024A

Amount Issued: \$604,530,000

Borrower Profile:

Based in Roseville, Adventist Health System/West (Adventist) is a 501(c)(3) nonprofit organization whose mission is to improve the quality of health care in the communities it serves by emphasizing wellness and disease prevention. Adventist includes 25 hospitals, approximately 370 clinics, 15 home care agencies, eight hospice agencies, one fully owned continuing care retirement community, and three joint venture retirement centers. Adventist serves communities in California, Hawaii, Oregon, and Washington.

Project Description:

Bond proceeds were used to reimburse a portion of a bridge loan Adventist used to purchase Sierra Vista Regional Medical Center and Twin Cities Community Hospital, as well as for the reimbursement of various other capital projects.

CommonSpirit Health, Series 2024A

Amount Issued: \$285,190,000

Borrower Profile:

CommonSpirit Health (CommonSpirit) is a 501(c)(3) nonprofit corporation that owns and operates health care facilities in 24 states across approximately 2,250 care sites with 142 hospitals, which include academic health centers, major teaching hospitals, and critical access facilities among other beneficial organizations and groups. Dignity Health, a CommonSpirit affiliate, operates 33 acute care hospitals across California.

Project Description:

Bond proceeds were used to finance and/or reimburse the costs of acquisition, construction, expansion, remodeling, renovation, furnishing, and equipping of certain health facilities in California owned and operated by Dignity Health.

Lucile Salter Packard Children's Hospital at Stanford, Series 2024A & 2024B

Amount Issued: \$180,315,000

Borrower Profile:

Lucile Salter Packard Children's Hospital at Stanford (Packard) is a 501(c)(3) nonprofit pediatric and obstetric hospital located on the campus of Stanford University in Palo Alto. Packard maintains a total of 394 licensed acute care beds, of which 361 beds are located at the Stanford University campus and 33 beds are located at two satellite facilities. Packard also operates outpatient physician clinics in its facilities and other community settings.

Project Description:

Bond proceeds were used to refund all or a portion of Packard's CHFFA 2014 A and B bonds.

Children's Hospital of Orange County, Series 2024A & 2024B

Amount Issued: \$177,060,000

Borrower Profile:

Children's Hospital of Orange County (CHOC) was established in 1964 as a 501(c)(3) nonprofit benefit corporation. CHOC's hospital facility is a regional tertiary/quaternary referral center and is the largest single provider of pediatric hospital services in Orange County. CHOC also provides a wide variety of outpatient services through its ambulatory care centers.

Project Description:

Bond proceeds were used to finance, reimburse, or refinance costs of the acquisition, construction, expansion, remodeling, renovation, furnishing and/or equipping of certain capital projects at CHOC's campus located at 1201 West LaVeta Avenue and 555 South Main Street, in the city of Orange.

Episcopal Communities & Services, Series 2024A & 2024B

Amount Issued: \$105,515,000

Borrower Profile:

Episcopal Communities & Services (ECS) is a 501(c)(3) nonprofit organization that has been providing communities and services for seniors in Southern California since 1923. ECS operates three continuing care retirement communities, known as Life Plan Communities, consisting of residential, assisted living, and memory care facilities: MonteCedro in Altadena, The Canterbury in Rancho Palos Verdes, and The Covington in Aliso Viejo.

Assembly Bill No. 839 (AB 839) was chaptered into law on October 10, 2023 and amended the CHFFA Act to include the addition of stand-alone residential care facilities for the elderly (RCFE) to the definition of a "health facility." ECS was CHFFA's first stand-alone RCFE borrower after AB 839 was passed.

Project Description:

Bond proceeds were used for the expansion, construction, remodeling, renovation, furnishing and equipping of MonteCedro, The Canterbury, and The Covington campuses.

On Lok Senior Health Services, Series 2024

Amount Issued: \$55,000,000

Borrower Profile:

On Lok Senior Health (On Lok) is a family of community-based, 501(c)(3) nonprofit organizations whose mission is to pursue quality of life and quality of care for older adults and their families. On Lok pioneered a program that became known as Program of All-inclusive Care for the Elderly (PACE). On Lok's PACE program includes nine facilities and four alternative care locations, serving over 1,800 members annually in the counties of Alameda, San Francisco and Santa Clara.

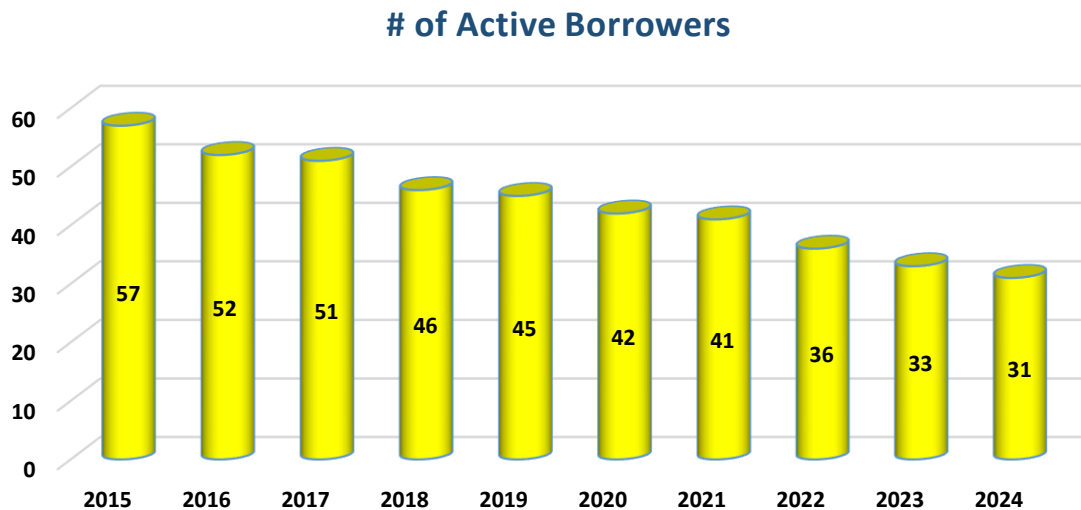
Project Description:

Bond proceeds were used to fund the costs of the construction, renovation, remodeling, and equipping of PACE centers located in San Francisco, San Jose, and Union City.

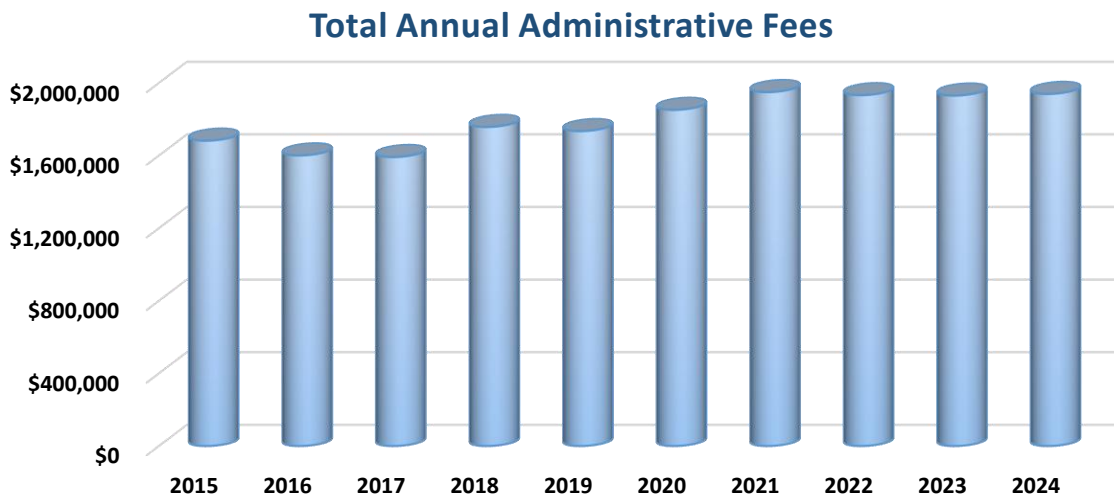
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Program Analysis

CHFFA has experienced a steady decline in the number of active borrowers, as shown in the chart below. One possible explanation for the decrease could be that smaller health facilities with smaller bond financing needs, that issued through CHFFA in the past, may be issuing through other Joint Power Authorities (JPAs) in addition to mergers that have occurred in the past reducing the number of eligible borrowers. Smaller health facilities also tend to be infrequent borrowers as they do not consistently have new projects large enough to require bond financing. As these smaller borrowers have paid off prior bonds, they may not have had the need to issue new bonds. CHFFA has also experienced increased competition over the years as more JPAs are formed, with the most recent one created in May 2015.

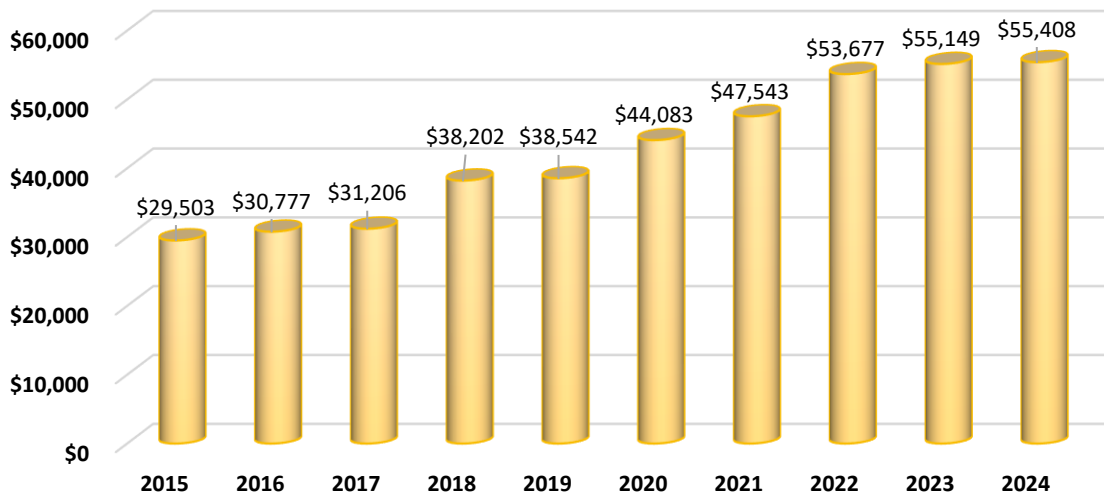


CHFFA collects an annual administrative fee from each borrower that has bonds outstanding. In 2012, in order to remain competitive with other JPAs, CHFFA lowered the administrative fee structure from 0.02% to 0.0175% of the par amount outstanding, with the maximum fee per borrower remaining the same at \$150,000 annually. Since changing the administrative fee structure, CHFFA has averaged about \$1.7 million per year in administrative fees.



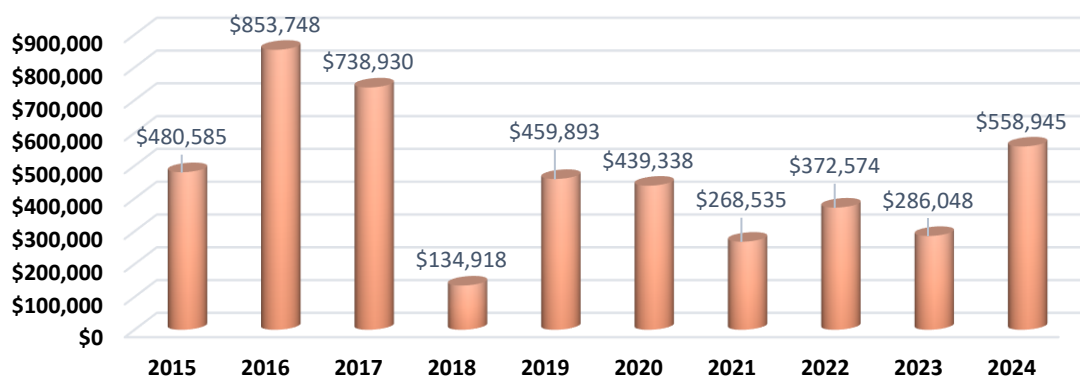
Although the number of active borrowers has trended downward, the chart above shows that the amount CHFFA collects in annual administrative fees has steadily grown as the total amount of bonds outstanding continues to increase each year. Since 2021, the administrative fee has held steady at more than \$1.9 million in each year. Likewise, the chart below indicates the average annual fee per borrower has continued to increase, as fewer borrowers issued larger amounts of bonds, and several smaller borrowers no longer have bonds outstanding. Beginning with 2020, these two charts also include the annual administrative fee for the No Place Like Home (NPLH) Program, which quickly reached its maximum annual fee of \$200,000 in 2022. In 2016, the Legislature authorized CHFFA to issue up to \$2 billion in bonds to fund the NPLH Program to provide funding for the California Department of Housing and Community Development to make awards to California counties to develop permanent supportive housing for persons who are experiencing homelessness, chronic homelessness or who are at risk of chronic homelessness, and who are in need of mental health services.

Average Annual Administrative Fee

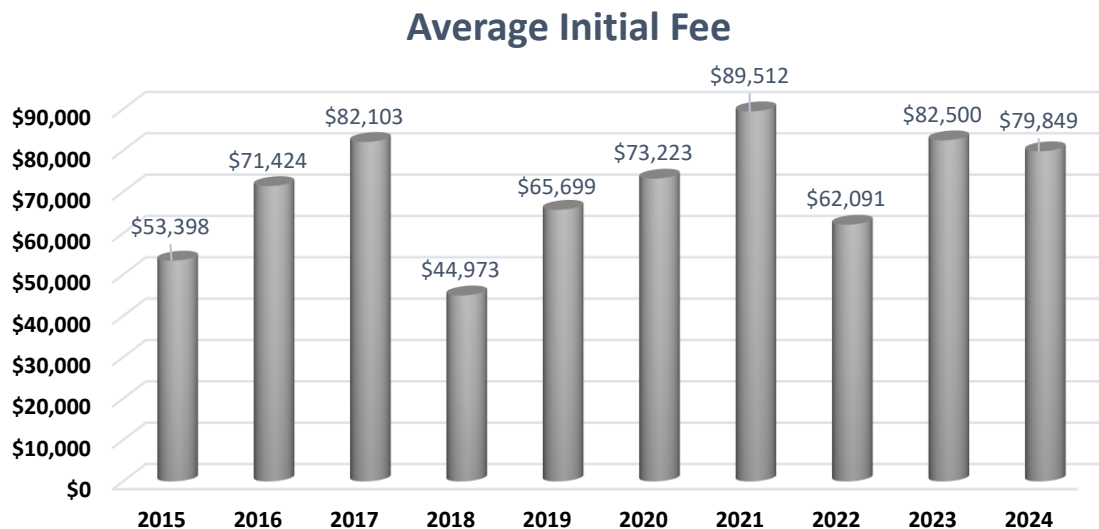


CHFFA also collects an initial fee for each bond issuance at the time of bond closing. Similar to the change in administrative fees, the initial fee structure was lowered in 2012, in order to remain competitive with other JPAs, from 0.075% of the par amount issued with a maximum fee of \$300,000 to 0.05% with a maximum of \$100,000. Since changing the initial fee structure, CHFFA has averaged about \$478,000 per year in initial fees.

Total Initial Fees



The total initial fees collected has fluctuated year over year as the total par amount issued and the total number of bonds issued have varied. In December 2017, the Tax Cuts and Jobs Act (TCJA) was signed into law, which included a provision that eliminated the use of tax-exempt financing to advance refund private activity bonds. This elimination had a considerable impact on the number of bonds and dollar amounts issued, which is also reflected in the total initial fees CHFFA collected beginning in 2018. The average initial fee also varied and reflects the pattern of total bond issuances during the same period. CHFFA uses the initial fees and administrative fees to cover administrative costs and to operate the Authority.

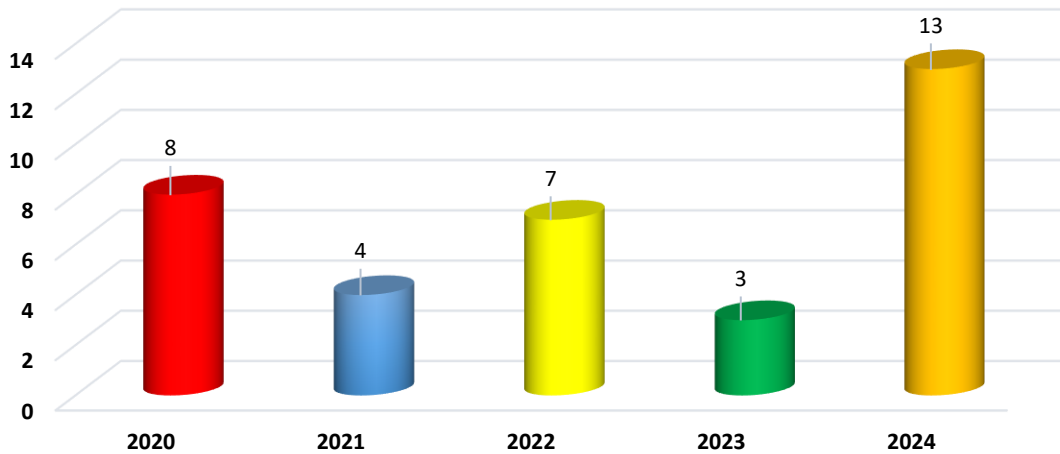


In 2025, the federal government has been debating changes to tax policy and spending, which included talks about the elimination of tax-exempt bonds. While this created much uncertainty for borrowers at the beginning of 2025 and may have contributed to the increase in CHFFA bond activity, it does not appear the elimination of tax-exempt bonds is included in the current version of the 2025 budget reconciliation bill.

Five-Year Issuance Trends

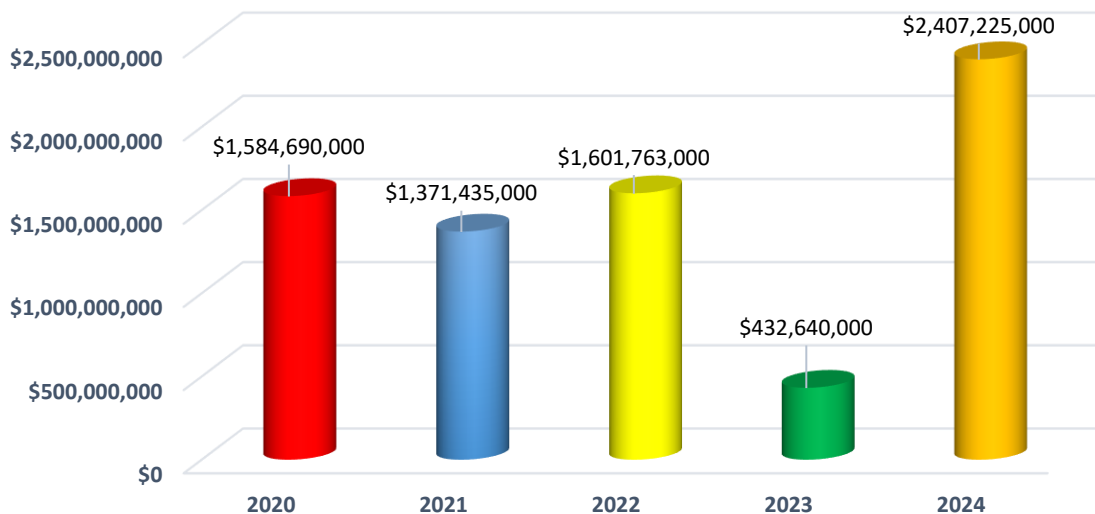
The number of bond issuances has varied greatly over the past five years. From a low of three issuances in 2023 to a high of 13 issuances in 2024.

Number of Issuances by Year (Series)

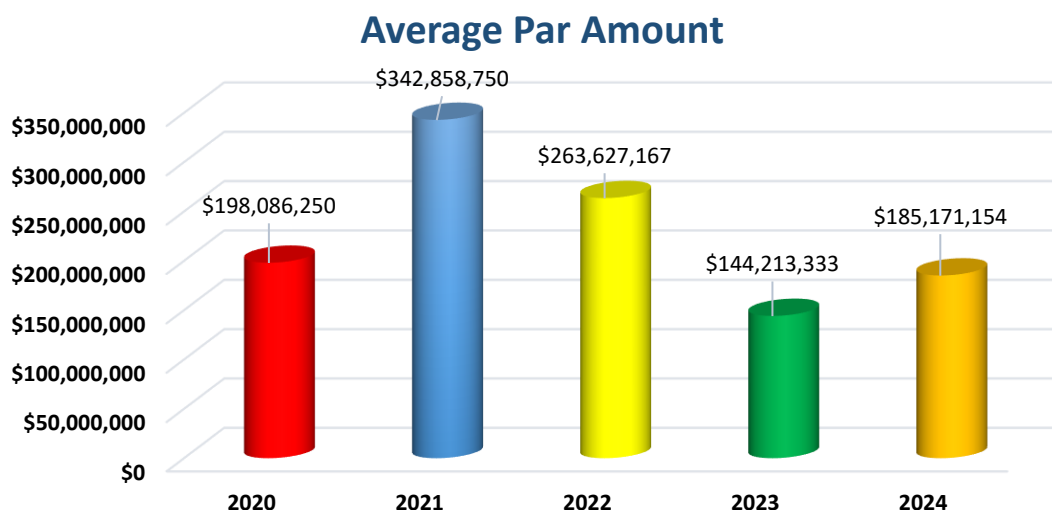


Reviewing the past five years, the total par amount of bonds issued has fluctuated considerably over the past three years. After dropping from \$1.6 billion in bonds issued in 2022 to a low of \$432.6 million in 2023, bond issuances reached a high of approximately \$2.4 billion in 2024.

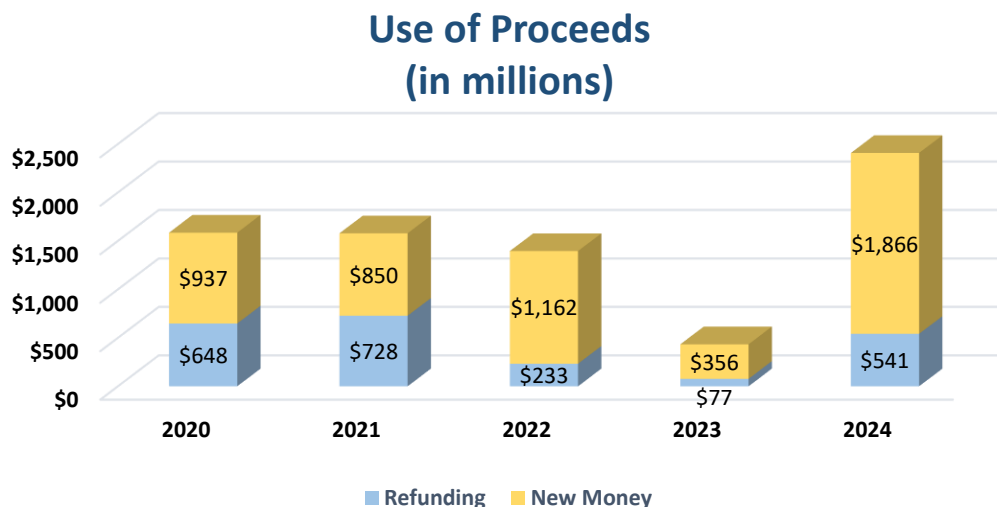
Total Par Amount



In line with the total amount of bonds issued over the past five years, the average amount of bonds issued increased in 2024 after a substantial decrease in 2023, as shown in the chart below. With 13 bond issuances for \$2.4 billion in 2024, the average par amount per issuance for the year was about \$185 million, up from approximately \$144 million in 2023.



The amount of new money issued is largely dependent on the capital plans, economic outlook, political environment, and needs of the individual borrowers. The chart below displays how the bond proceeds were split between new money projects and refunding projects.



The chart above shows large issuances of bonds for new money projects from 2020 through 2022 and 2024. The amount of new money projects in 2021 primarily came from a large issuance by one borrower, and the amounts in 2020 and 2022 included large issuances for NPLH. Excluding the NPLH bonds, CHFFA issued about \$487 million and \$112 million in new money projects for 2020 and 2022. The amount issued in refunding bonds remained steady from 2020 through 2021, then experienced large decreases to about \$233 million in 2022 and decreased further to \$77 million in 2023. In 2024, refunding bonds climbed back to nearly \$541 million.

Top Ten Borrowers

Below is a chart of CHFFA's top ten borrowers, in descending order of total amount of bonds outstanding. A further breakdown of dollar amount and total share of debt can be seen in the following pie chart. CHFFA has been working with several of its top ten borrowers for nearly four decades and is proud to continually serve as their go-to issuer for conduit bond financings. As of December 31, 2024, CHFFA's top ten borrowers were responsible for 78% of the outstanding CHFFA issued debt.

Borrower	First CHFFA Issuance	Most Recent CHFFA Issuance
Kaiser Foundation Hospitals	1983	2017
Cedars-Sinai Medical Center	1987	2021
Sutter Health	1983	2018
Providence St. Joseph Health	1983	2019
CommonSpirit Health (formerly Dignity Health)	1989	2020
Adventist Health System/West	1987	2024
Stanford Health Care (formerly Stanford Hospital and Clinics)	1984	2023
Scripps Health	1985	2024
Lucile Salter Packard Children's Hospital	2003	2024
City of Hope	2000	2019

OUTSTANDING CHFFA ISSUED DEBT OF TOP TEN BORROWERS (IN MILLIONS)

