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**GOVERNMENT CODE - GOV**

**TITLE 2. GOVERNMENT OF THE STATE OF CALIFORNIA [8000 - 22980]** ( Title 2 enacted by Stats. 1943, Ch. 134. )

**DIVISION 3. EXECUTIVE DEPARTMENT [11000 - 15990.3]** ( Division 3 added by Stats. 1945, Ch. 111. )

**PART 7.2. HEALTH FACILITIES FINANCING AUTHORITY ACT [15430 - 15463]** ( Heading of Part 7.2 amended by Stats. 1985, Ch. 349, Sec. 1. )

**15430.** This part shall be known and may be cited as the California Health Facilities Financing Authority Act.

(Amended by Stats. 1987, Ch. 1426, Sec. 1. Effective September 30, 1987.)

**15431.** The California Health Facilities Authority is continued in state government as the California Health Facilities Financing Authority. The authority constitutes a public instrumentality, and the exercise by the authority of the powers conferred by this part shall be deemed and held to be the performance of an essential public function.

(Amended by Stats. 1985, Ch. 349, Sec. 3. Effective July 29, 1985.)

**15432.** As used in this part, the following words and terms shall have the following meanings, unless the context clearly indicates or requires another or different meaning or intent:

(a) "Act" means the California Health Facilities Financing Authority Act.

(b) "Authority" means the California Health Facilities Financing Authority created by this part or any board, body, commission, department, or officer succeeding to the principal functions thereof or to which the powers conferred upon the authority by this part shall be given by law.

(c) "Cost," as applied to a project or portion of a project financed under this part, means and includes all or any part of the cost of construction and acquisition of all lands, structures, real or personal property, rights, rights-of-way, franchises, easements, and interests acquired or used for a project, the cost of demolishing or removing any buildings or structures on land so acquired, including the cost of acquiring any lands to which those buildings or structures may be moved, the cost of all machinery and equipment, financing charges, interest prior to, during, and for a period not to exceed the later of one year or one year following completion of construction, as determined by the authority, the cost of insurance during construction, the cost of funding or financing noncapital expenses, reserves for principal and interest and for extensions, enlargements, additions, replacements, renovations and improvements, the cost of engineering, service contracts, reasonable financial and legal services, plans, specifications, studies, surveys, estimates, administrative expenses, and other expenses of funding or financing, that are necessary or incident to determining the feasibility of constructing any project, or that are incident to the construction, acquisition, or financing of any project.

(d) "Health facility" means a facility, place, or building that is licensed, accredited, or certified and organized, maintained, and operated for the diagnosis, care, prevention, and treatment of human illness, or physical, mental, or developmental disability, including convalescence and rehabilitation and including care during and after pregnancy, or for any one or more of these purposes, for one or more persons, and includes, but is not limited to, all of the following types:

(1) A general acute care hospital that is a health facility having a duly constituted governing body with overall administrative and professional responsibility and an organized medical staff that provides 24-hour inpatient care, including the following basic services: medical, nursing, surgical, anesthesia, laboratory, radiology, pharmacy, and dietary services.

(2) An acute psychiatric hospital that is a health facility having a duly constituted governing body with overall administrative and professional responsibility and an organized medical staff that provides 24-hour inpatient care for mentally disordered, incompetent, or other patients referred to in Division 5 (commencing with Section 5000) or Division 6 (commencing with Section 6000) of the Welfare and Institutions Code, including the following basic services: medical, nursing, rehabilitative, pharmacy, and dietary services.

- (3) A skilled nursing facility that is a health facility that provides the following basic services: skilled nursing care and supportive care to patients whose primary need is for availability or skilled nursing care on an extended basis.
- (4) An intermediate care facility that is a health facility that provides the following basic services: inpatient care to ambulatory or semiambulatory patients who have recurring need for skilled nursing supervision and need supportive care, but who do not require availability or continuous skilled nursing care.
- (5) A special health care facility that is a health facility having a duly constituted governing body with overall administrative and professional responsibility and an organized medical or dental staff that provides inpatient or outpatient, acute or nonacute care, including, but not limited to, medical, nursing, rehabilitation, dental, or maternity.
- (6) A clinic that is operated by a tax-exempt nonprofit corporation that is licensed pursuant to Section 1204 or 1204.1 of the Health and Safety Code or a clinic exempt from licensure pursuant to subdivision (b) or (c) of Section 1206 of the Health and Safety Code.
- (7) An adult day health center that is a facility, as defined under subdivision (b) of Section 1570.7 of the Health and Safety Code, that provides adult day health care, as defined under subdivision (a) of Section 1570.7 of the Health and Safety Code.
- (8) A facility owned or operated by a local jurisdiction for the provision of county health services.
- (9) A multilevel facility is an institutional arrangement where a residential care facility for the elderly is operated as a part of, or in conjunction with, an intermediate care facility, a skilled nursing facility, or a general acute care hospital. "Elderly," for the purposes of this paragraph, means a person 60 years of age or older.
- (10) A child daycare facility operated in conjunction with a health facility. A child daycare facility is a facility, as defined in Section 1596.750 of the Health and Safety Code. For purposes of this paragraph, "child" means a minor from birth to 18 years of age.
- (11) An intermediate care facility/developmentally disabled habilitative that is a health facility, as defined under subdivision (e) of Section 1250 of the Health and Safety Code.
- (12) An intermediate care facility/developmentally disabled-nursing that is a health facility, as defined under subdivision (h) of Section 1250 of the Health and Safety Code.
- (13) A community care facility that is a facility, as defined under subdivision (a) of Section 1502 of the Health and Safety Code, that provides care, habilitation, rehabilitation, or treatment services to developmentally disabled or mentally impaired persons.
- (14) A nonprofit community care facility, as defined in subdivision (a) of Section 1502 of the Health and Safety Code, other than a facility that, as defined in that subdivision, is a foster family agency, a foster family home, a full service adoption agency, or a noncustodial adoption agency.
- (15) A nonprofit accredited community work activity program, as specified in subdivision (e) of Section 4851 and Section 4856 of the Welfare and Institutions Code.
- (16) A community mental health center, as defined in paragraph (3) of subdivision (b) of Section 5667 of the Welfare and Institutions Code.
- (17) A nonprofit speech and hearing center, as defined in Section 1201.5 of the Health and Safety Code.
- (18) A blood bank, as defined in Section 1600.2 of the Health and Safety Code, licensed pursuant to Section 1602.5 of the Health and Safety Code, and exempt from federal income taxation pursuant to Section 501(c)(3) of the Internal Revenue Code.
- (19) A residential facility for persons with developmental disabilities, as defined in Sections 4688.5 and 4688.6 of the Welfare and Institutions Code, which includes, but is not limited to, a community care facility licensed pursuant to Section 1502 of the Health and Safety Code and a family teaching home as defined in Section 4689.1 of the Welfare and Institutions Code.
- (20) (A) A residential care facility for the elderly, as defined in Section 1569.2 of the Health and Safety Code.
- (B) This paragraph shall not be construed as affecting the licensing of health facilities under Chapter 2 (commencing with Section 1250) of Division 2 of the Health and Safety Code, or any other provisions relating to health facilities, except as the term "health facility" is interpreted for purposes of the California Health Facilities Financing Authority Act under this part. The designation of a residential care facility for the elderly as a health facility, as made pursuant to this paragraph, shall apply to this part only.
- (21) A nonpublic school that provides educational services in conjunction with a health facility, as defined in paragraphs (1) to (20), inclusive, that otherwise qualifies for financing pursuant to this part, if the nonpublic school is certified pursuant to Sections 56366

and 56366.1 of the Education Code as meeting standards relating to the required special education and specified related services and facilities for individuals with physical, mental, or developmental disabilities.

“Health facility” includes a clinic that is described in subdivision (l) of Section 1206 of the Health and Safety Code.

“Health facility” includes information systems equipment and the following facilities, if the equipment and facility is operated in conjunction with or to support the services provided in one or more of the facilities specified in paragraphs (1) to (21), inclusive, of this subdivision: a laboratory, laundry, a nurses or interns residence, housing for staff or employees and their families or patients or relatives of patients, a physicians’ facility, an administration building, a research facility, a maintenance, storage, or utility facility, an information systems facility, all structures or facilities related to any of the foregoing facilities or required or useful for the operation of a health facility and the necessary and usual attendant and related facilities and equipment, and parking and supportive service facilities or structures required or useful for the orderly conduct of the health facility.

“Health facility” does not include any institution, place, or building used or to be used primarily for sectarian instruction or study or as a place for devotional activities or religious worship.

(e) “Participating health institution” means a city, city and county, or county, a district hospital, or a private nonprofit corporation or association, or a limited liability company whose sole member is a nonprofit corporation or association authorized by the laws of this state to provide or operate a health facility or a nonprofit corporation that controls or manages, is controlled or managed by, is under common control or management with, or is affiliated with any of the foregoing, and that, pursuant to this part, undertakes the financing or refinancing of the construction or acquisition of a project or of working capital as provided in this part. “Participating health institution” also includes, for purposes of the California Health Facilities Revenue Bonds (UCSF-Stanford Health Care) 1998 Series A, the Regents of the University of California.

(f) “Project” means construction, expansion, remodeling, renovation, furnishing, or equipping, or funding, financing, or refinancing of a health facility or acquisition of a health facility to be financed or refinanced with funds provided in whole or in part pursuant to this part. “Project” may include reimbursement for the costs of construction, expansion, remodeling, renovation, furnishing, or equipping, or funding, financing, or refinancing of a health facility or acquisition of a health facility. “Project” may include any combination of one or more of the foregoing undertaken jointly by any participating health institution with one or more other participating health institutions.

(g) “Revenue bond” or “bond” means a bond, warrant, note, lease, or installment sale obligation that is evidenced by a certificate of participation or other evidence of indebtedness issued by the authority.

(h) “Working capital” means moneys to be used by, or on behalf of, a participating health institution to pay or prepay maintenance or operation expenses or any other costs that would be treated as an expense item, under generally accepted accounting principles, in connection with the ownership or operation of a health facility, including, but not limited to, reserves for maintenance or operation expenses, interest for not to exceed two years on any loan for working capital made pursuant to this part, and reserves for debt service with respect to, and any costs necessary or incidental to, that financing.

*(Amended by Stats. 2023, Ch. 667, Sec. 2. (AB 839) Effective January 1, 2024.)*

**15433.** The authority shall consist of nine members, including the State Treasurer, who shall serve as chairman, the State Controller, the Director of Finance, two members appointed by the Senate Rules Committee, two members appointed by the Speaker of the Assembly, and two members appointed by the Governor subject to confirmation by a majority vote of the Senate. Of the members appointed by the Senate Rules Committee, one member shall be a licensed physician and surgeon, and one shall serve or have served in an executive capacity to a health facility. Of the members appointed by the Speaker of the Assembly, one member shall be a person qualified by training and experience in the field of investment or finance, and one member shall be representative of the general public. The members appointed by the Governor shall be representative of the general public. The terms of appointed members shall be four years, expiring on March 31. Each member shall hold office for the term of his or her appointment and shall continue to serve until a successor shall have been appointed and qualified. Any vacancy among the members shall be filled by appointment for the unexpired term only. A member of the authority shall be eligible for reappointment.

Members of the authority shall serve without compensation, but the authority may reimburse its members for necessary expenses incurred in the discharge of their duties.

The Director of Finance may designate a deputy or other official in the Department of Finance to act for him or her and represent him or her at all meetings of the authority.

*(Amended by Stats. 2008, Ch. 211, Sec. 6. Effective January 1, 2009.)*

**15434.** The chairperson of the authority on its behalf shall appoint an executive director, who shall not be a member of the authority and who shall serve at the pleasure of the authority. The executive director shall receive compensation that shall be fixed by the authority.

*(Amended by Stats. 2002, Ch. 478, Sec. 2. Effective January 1, 2003.)*

**15435.** The executive director or other person designated by resolution of the authority shall keep a record of the proceedings of the authority and shall be custodian of all books, documents and papers filed with the authority, the minute book or journal of the authority, and its official seal. The executive director or other person may cause copies to be made of all minutes and other records and documents of the authority and may give certificates under the official seal of the authority to the effect that such copies are true copies, and all persons dealing with the authority may rely upon such certificates.

*(Added by Stats. 1979, Ch. 1033.)*

**15436.** Five members of the authority shall constitute a quorum. The affirmative vote of a majority of a quorum shall be necessary for any action taken by the authority. A vacancy in the membership of the authority shall not impair the right of a quorum to exercise all the rights and perform all the duties of the authority. Each meeting of the authority shall be open to the public and shall be held in accordance with the provisions of the Bagley-Keene Open Meeting Act (Article 9 (commencing with Section 11120) of Chapter 1 of Part 1). Resolutions of the authority need not be published or posted. The authority may delegate by resolution to one or more of its members or its executive director such powers and duties as it may deem proper. The authority may delegate to the executive director or any other official or employee of the authority any powers and duties it may deem proper, including, but not limited to, the power to enter contracts on behalf of the authority.

*(Amended by Stats. 2008, Ch. 211, Sec. 7. Effective January 1, 2009.)*

**15437.** (a) The provisions of this part shall be administered by the authority, which shall have and is hereby vested with all powers reasonably necessary to carry out the powers and responsibilities expressly granted or imposed under this part.

(b) The authority shall establish financial eligibility standards by studying the creditworthiness and earning capacity of each project, together with the amount of pledged revenues, debt service coverage, and basic security.

*(Amended by Stats. 2002, Ch. 478, Sec. 3. Effective January 1, 2003.)*

**15438.** The authority may do any of the following:

(a) Adopt bylaws for the regulation of its affairs and the conduct of its business.

(b) Adopt an official seal.

(c) Sue and be sued in its own name.

(d) Receive and accept from any agency of the United States, any agency of the state, or any municipality, county, or other political subdivision thereof, or from any individual, association, or corporation gifts, grants, or donations of moneys for achieving any of the purposes of this chapter.

(e) Engage the services of private consultants to render professional and technical assistance and advice in carrying out the purposes of this part.

(f) Determine the location and character of any project to be financed under this part, and to acquire, construct, enlarge, remodel, renovate, alter, improve, furnish, equip, fund, finance, own, maintain, manage, repair, operate, lease as lessee or lessor, and regulate the same, to enter into contracts for any or all of those purposes, to enter into contracts for the management and operation of a project or other health facilities owned by the authority, and to designate a participating health institution as its agent to determine the location and character of a project undertaken by that participating health institution under this chapter and as the agent of the authority, to acquire, construct, enlarge, remodel, renovate, alter, improve, furnish, equip, own, maintain, manage, repair, operate, lease as lessee or lessor, and regulate the same, and as the agent of the authority, to enter into contracts for any or all of those purposes, including contracts for the management and operation of that project or other health facilities owned by the authority.

(g) Acquire, directly or by and through a participating health institution as its agent, by purchase solely from funds provided under the authority of this part, or by gift or devise, and to sell, by installment sale or otherwise, any lands, structures, real or personal property, rights, rights-of-way, franchises, easements, and other interests in lands, including lands lying under water and riparian rights, that are located within the state that the authority determines necessary or convenient for the acquisition, construction, or financing of a health facility or the acquisition, construction, financing, or operation of a project, upon the terms and at the prices considered by the authority to be reasonable and that can be agreed upon between the authority and the owner thereof, and to take title thereto in the name of the authority or in the name of a participating health institution as its agent.

(h) Receive and accept from any source loans, contributions, or grants for, or in aid of, the construction, financing, or refinancing of a project or any portion of a project in money, property, labor, or other things of value.

(i) Make secured or unsecured loans to, or purchase secured or unsecured loans of, any participating health institution in connection with the financing of a project or working capital in accordance with an agreement between the authority and the participating health institution. However, no loan to finance a project shall exceed the total cost of the project, as determined by the participating health institution and approved by the authority. Funds for secured loans may be provided from the California Health Facilities Financing Authority Fund pursuant to subdivision (b) of Section 15439 to small or rural health facilities pursuant to authority guidelines.

(j) (1) Make secured or unsecured loans to, or purchase secured or unsecured loans of, any participating health institution in accordance with an agreement between the authority and the participating health institution to refinance indebtedness incurred by that participating health institution or a participating health institution that controls or manages, is controlled or managed by, is under common control or management with, or is affiliated with that participating health institution, in connection with projects undertaken or for health facilities acquired or for working capital.

(2) Make secured or unsecured loans to, or purchase secured or unsecured loans of, any participating health institution in accordance with an agreement between the authority and the participating health institution to refinance indebtedness incurred by that participating health institution or a participating health institution that controls or manages, is controlled or managed by, is under common control or management with, or is affiliated with that participating health institution, payable to the authority or assigned or pledged to authority issued bonds.

(3) Funds for secured loans may be provided from the California Health Facilities Financing Authority Fund pursuant to subdivision (b) of Section 15439 to small or rural health facilities pursuant to authority guidelines.

(k) Mortgage all or any portion of interest of the authority in a project or other health facilities and the property on which that project or other health facilities are located, whether owned or thereafter acquired, including the granting of a security interest in any property, tangible or intangible, and to assign or pledge all or any portion of the interests of the authority in mortgages, deeds of trust, indentures of mortgage or trust, or similar instruments, notes, and security interests in property, tangible or intangible, of participating health institutions to which the authority has made loans, and the revenues therefrom, including payments or income from any thereof owned or held by the authority, for the benefit of the holders of bonds issued to finance the project or health facilities or issued to refund or refinance outstanding indebtedness of participating health institutions as permitted by this part.

(l) Lease to a participating health institution the project being financed or other health facilities conveyed to the authority in connection with that financing, upon the terms and conditions the authority determines proper, charge and collect rents therefor, terminate the lease upon the failure of the lessee to comply with any of the obligations of the lease, and include in that lease, if desired, provisions granting the lessee options to renew the term of the lease for the period or periods and at the rent, as determined by the authority, purchase any or all of the health facilities or that upon payment of all of the indebtedness incurred by the authority for the financing of that project or health facilities or for refunding outstanding indebtedness of a participating health institution, then the authority may convey any or all of the project or the other health facilities to the lessee or lessees thereof with or without consideration.

(m) Charge and equitably apportion among participating health institutions, the administrative costs and expenses incurred by the authority in the exercise of the powers and duties conferred by this part.

(n) Obtain, or aid in obtaining, from any department or agency of the United States or of the state, any private company, or any insurance or guarantee as to, of, or for the payment or repayment of, interest or principal, or both, or any part thereof, on any loan, lease, or obligation, or any instrument evidencing or securing the loan, lease, or obligation, made or entered into pursuant to this part; and notwithstanding any other provisions of this part, to enter into any agreement, contract, or any other instrument whatsoever with respect to that insurance or guarantee, to accept payment in the manner and form as provided therein in the event of default by a participating health institution, and to assign that insurance or guarantee as security for the authority's bonds.

(o) Enter into any and all agreements or contracts, including agreements for liquidity or credit enhancement, bond exchange agreements, interest rate swaps or hedges, execute any and all instruments, and do and perform any and all acts or things necessary, convenient, or desirable for the purposes of the authority or to carry out any power expressly granted by this part.

(p) Invest any moneys held in reserve or sinking funds or any moneys not required for immediate use or disbursement, at the discretion of the authority, in any obligations authorized by the resolution authorizing the issuance of the bonds secured thereof or authorized by law for the investment of trust funds in the custody of the Treasurer.

(q) Award grants to any eligible clinic pursuant to Section 15438.6.

(r) Award grants to any eligible health facility pursuant to Section 15438.7.

(s) (1) Notwithstanding any other provision of law, provide a working capital loan of up to five million dollars (\$5,000,000) to assist in the establishment and operation of the California Health Benefit Exchange (Exchange) established under Section 100500. The authority may require any information it deems necessary and prudent prior to providing a loan to the Exchange and may require any term, condition, security, or repayment provision it deems necessary in the event the authority chooses to provide a loan. Under no circumstances shall the authority be required to provide a loan to the Exchange.

(2) Prior to the authority providing a loan to the Exchange, a majority of the board of the Exchange shall be appointed and shall demonstrate, to the satisfaction of the authority, that the federal planning and establishment grants made available to the Exchange by the United States Secretary of Health and Human Services are insufficient or will not be released in a timely manner to allow the Exchange to meet the necessary requirements of the federal Patient Protection and Affordable Care Act (Public Law 111-148).

(3) The Exchange shall repay a loan made under this subdivision no later than June 30, 2016, and shall pay interest at the rate paid on moneys in the Pooled Money Investment Account.

(t) Award grants pursuant to Section 15438.10.

*(Amended by Stats. 2012, Ch. 23, Sec. 4. (AB 1467) Effective June 27, 2012.)*

**15438.2.** (a) When capital outlay funds are granted on property which is leased for a child day care facility, the term of the lease shall be as long as, or greater than, the term of the loan.

(b) Child day care facilities shall be insurable under the California Health Facility Construction Loan Insurance Law.

*(Added by Stats. 1985, Ch. 829, Sec. 2. Effective September 19, 1985.)*

**15438.5.** (a) It is the intent of the Legislature in enacting this part to provide financing only, and, except as provided in subdivisions (b), (c), and (d), only to participating health institutions that can demonstrate the financial feasibility of their projects. It is further the intent of the Legislature that all or part of any savings experienced by a participating health institution, as a result of that tax-exempt revenue bond funding, be passed on to the consuming public through lower charges or containment of the rate of increase in hospital rates. It is not the intent of the Legislature in enacting this part to encourage unneeded health facility construction. Further, it is not the intent of the Legislature to authorize the authority to control or participate in the operation of hospitals, except where default occurs under the terms of an agreement with the authority.

(b) When determining the financial feasibility of projects, the authority shall consider the more favorable interest rates reasonably anticipated through the issuance of revenue bonds under this part. It is the intent of the Legislature that the authority attempt in whatever ways possible to assist participating health institutions to finance projects that will meet the financial feasibility standards developed under this part.

(c) If a participating health institution seeking financing for a project pursuant to this part does not meet the guidelines established by the authority with respect to bond rating, the authority may nonetheless give special consideration, on a case-by-case basis, to financing the project if the participating health institution demonstrates to the satisfaction of the authority the financial feasibility of the project, and the performance of significant community service. For the purposes of this part, a participating health institution that performs a significant community service is one that contracts with Medi-Cal or that can demonstrate, with the burden of proof being on the participating health institution, that it has fulfilled at least two of the following criteria:

(1) On or before January 1, 1991, has established, and agrees to maintain, a 24-hour basic emergency medical service open to the public with a physician and surgeon on duty, or is a children's hospital as defined in Section 14087.21 of the Welfare and Institutions Code, that jointly provides basic or comprehensive emergency services in conjunction with another licensed hospital. This criterion shall not be utilized in a circumstance where a small and rural hospital, as defined in Section 442.2 of the Health and Safety Code, has not established a 24-hour basic emergency medical service with a physician and surgeon on duty or will operate a designated trauma center on a continuing basis during the life of the revenue bonds issued by the authority.

(2) Has adopted, and agrees to maintain on a continuing basis during the life of the revenue bonds issued by the authority, a policy, approved and recorded by the facility's board of directors, of treating all patients without regard to ability to pay, including, but not limited to, emergency room walk-in patients.

(3) Has provided and agrees to provide care, on a continuing basis during the life of the revenue bonds issued by the authority, to Medi-Cal and uninsured patients in an amount not less than 5 percent of the facility's adjusted inpatient days as reported on an annual basis to the Office of Statewide Health Planning and Development.

(4) Has budgeted at least 5 percent of its net operating income to meeting the medical needs of uninsured patients and to providing other services, including, but not limited to, community education, primary care outreach in ambulatory settings, and unmet nonmedical needs, such as food, shelter, clothing, or transportation for vulnerable populations in the community, and agrees to continue that policy during the life of the revenue bonds issued by the authority.

(d) Enforcement of the conditions under which the authority issues bonds pursuant to this section shall be governed by the enforcement conditions under Section 15459.4.

*(Amended by Stats. 2011, Ch. 330, Sec. 3. (AB 1394) Effective January 1, 2012.)*

**15438.6.** (a) This section shall be known, and may be cited, as the Cedillo-Alarcon Community Clinic Investment Act of 2000.

(b) The Legislature finds and declares all of the following:

(1) Primary care clinics require capital improvements in order to continuously perform their vital role. Many primary care clinics are currently at capacity and in order to increase access to their services and allow them to expand to cover the growing need for

health care for the vulnerable populations in California, these capital funds are necessary.

(2) Primary care clinics are the health care safety net for the most vulnerable populations in California: uninsured, underinsured, indigent, and those in shortage designation areas. Primary care clinics provide health care regardless of the ability to pay for services.

(3) Approximately 6.6 million Californians lack health insurance, a number that increases by 50,000 per month.

(4) Primary care clinics have been historically and woefully underfunded.

(5) Primary care clinics are the most cost-effective means of serving California's vulnerable populations.

(6) The failure to adequately fund primary care clinics has resulted in significant costs to the state in the form of unnecessary emergency room visits. Also, the lack of preventive care results in significant costs when patients become severely ill.

(c) The authority may award grants to any eligible clinic, as defined in subdivision (a) of Section 1204 and subdivision (c) of Section 1206 of the Health and Safety Code, for purposes of financing capital outlay projects, as defined in subdivision (f) of Section 15432.

(d) The authority, in consultation with representatives of primary care clinics and other appropriate parties, shall develop selection criteria and a process for awarding grants under this section. The authority may take into account at least the following factors when selecting recipients and determining amount of grants:

(1) The percentage of total expenditures attributable to uncompensated care provided by an applicant.

(2) The extent to which the grant will contribute toward expansion of health care access by indigent, underserved, and uninsured populations.

(3) The need for the grant based on an applicant's total net assets, relative to net assets of other applicants. For purposes of this section, "total net assets" means the amount of total assets minus total liabilities, as disclosed in an audited financial statement prepared according to United States Generally Accepted Accounting Principles, and shall include unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

(4) The geographic location of the applicant, in order to maximize broad geographic distribution of funding.

(5) Demonstration by the applicant of project readiness and feasibility to the authority's satisfaction.

(6) The total amount of funds appropriated and available for purposes of this section.

(e) No grant to any clinic facility shall exceed two hundred fifty thousand dollars (\$250,000).

(f) In no event shall a grant to finance a project exceed the total cost of the project, as determined by the clinic and approved by the authority. Grants shall be awarded only to clinics that have certified to the authority that all requirements established by the authority for grantees have been met.

(g) All projects that are awarded grants shall be completed within a reasonable period of time, to be determined by the authority. No funds shall be released by the authority until the applicant demonstrates project readiness to the authority's satisfaction. If the authority determines that the clinic has failed to complete the project under the terms specified in awarding the grant, the authority may require remedies, including the return of all or a portion of the grant. Certification of project completion shall be submitted to the authority by any clinic receiving a grant under this section.

(h) Any clinic receiving a grant under this section shall commit to using the health facility for the purposes for which the grant was awarded for the duration of the expected life of the project.

(i) It is the intent of the Legislature that the California Health Facilities Financing Authority be reimbursed for the costs of the administration of the implementation of this section from funds appropriated for the purposes of this section.

*(Amended by Stats. 2012, Ch. 728, Sec. 68. (SB 71) Effective January 1, 2013.)*

**15438.7.** (a) The Legislature finds and declares all of the following:

(1) There are small health care facilities throughout the state that are in critical need of capital improvements to continue to provide quality health care services.

(2) Some of these facilities currently lack the ability to take on debt and have little access to capital.

(3) This lack of access to capital threatens the quality and accessibility of the services provided by health care facilities and hampers their ability to gain the financial strength to better access the capital markets.



(4) The state's health care system is reliant upon those health care facilities that treat low-income, uninsured, or vulnerable populations, such as the developmentally disabled, the elderly, the mentally ill, emotionally disturbed children, and the chemically dependent.

(5) The grant program provided in this section is in the public interest, serves a public purpose, and will promote the health, welfare, and safety of the citizens of the state.

(b) The authority may award grants to any eligible health facility, as defined in subdivision (d) of Section 15432 for purposes of financing projects, as defined in subdivision (f) of Section 15432.

(c) The authority shall develop selection criteria and a process for awarding grants under this section. When developing the selection criteria for the awarding of grants under this section, the authority shall take into consideration all of the following factors:

- (1) The need for the grant based on the applicant's total net assets.
- (2) Whether the grant will leverage additional dollars to complete the project.
- (3) The importance and level of services to vulnerable populations that will be generated.
- (4) The level of access to capital by the applicant.
- (5) Demonstration by the applicant of project readiness and feasibility.
- (6) Total dollars available for purposes of this section.

(d) It is the intent of the Legislature to assist those small health facilities that have demonstrated superior management but little to no access to capital and whose services are threatened by a critical need for capital improvements.

(e) In no event shall a grant to finance a project exceed the total cost of the project, as determined by the health facility and approved by the authority. Grants shall be awarded only to facilities that have certified to the authority that all requirements established by the authority for grantees have been met.

(f) All projects that are awarded grants shall be completed within a reasonable period of time, to be determined by the authority. No funds shall be released by the authority until the applicant demonstrates project readiness to the authority's satisfaction. If the authority determines that the health facility has failed to complete the project under the terms specified in awarding the grant, the authority may require remedies, including the return of all or a portion of the grant. Certification of project completion shall be submitted to the authority by any health facility receiving a grant under this section.

(g) Subject to subdivision (h), grants to be awarded under this section shall be financed by funds from the California Health Facilities Authority Fund.

(h) Grants shall only be available pursuant to this section if the authority determines that it has sufficient moneys available in the California Health Facilities Authority Fund. Nothing in this section shall require the authority to award grants if the authority determines that it has insufficient moneys available in the California Health Facilities Authority Fund to award grants.

(i) The authority may annually determine the amount available for purposes of this section.

*(Added by Stats. 2002, Ch. 478, Sec. 6. Effective January 1, 2003.)*

**15438.10.** (a) The Legislature finds and declares the following:

(1) Many Californians face serious obstacles in obtaining needed health care services, including, but not limited to, medical, mental health, dental, and preventive services. The obstacles faced by vulnerable populations and communities include existence of complex medical, physical, or social conditions, disabilities, economic disadvantage, and living in remote or underserved areas that make it difficult to access services.

(2) With the recent passage of national health care reform, there is an increased demand for innovative ways to deliver quality health care, including preventive services, to individuals in a cost-effective manner.

(3) There is a need to develop new methods of delivering health services utilizing innovative models that can be demonstrated to be effective and then replicated throughout California and that bring community-based health care preventive services to individuals where they live or receive education, social, or general health services.

(4) For more than 30 years, the California Health Facilities Financing Authority has provided financial assistance through tax-exempt bonds, low-interest loans, and grants to health facilities in California, assisting in the expansion of the availability of health services and health care facilities throughout the state.



(b) (1) Following the completion of a competitive selection process, the authority may award one or more grants that, in the aggregate, do not exceed one million five hundred thousand dollars (\$1,500,000) to one or more projects designed to demonstrate specified new or enhanced cost-effective methods of delivering quality health care services to improve access to quality health care for vulnerable populations or communities, or both, that are effective at enhancing health outcomes and improving access to quality health care and preventive services. These health care services may include, but are not limited to, medical, mental health, or dental services for the diagnosis, care, prevention, and treatment of human illness, or individuals with physical, mental, or developmental disabilities. More than one demonstration project may receive a grant pursuant to this section. It is the intent of the Legislature for a demonstration project that receives a grant to allow patients to receive screenings, diagnosis, or treatment in community settings, including, but not limited to, school-based health centers, adult day care centers, and residential care facilities for the elderly, or for individuals with mental illness or developmental disabilities.

(2) A grant awarded pursuant to this subdivision may be allocated in increments to a demonstration project over multiple years to ensure the demonstration project's ability to complete its work, as determined by the authority. Prior to the initial allocation of funds pursuant to this subdivision, the administrators of the demonstration project shall provide evidence that the demonstration project has or will have additional funds sufficient to ensure completion of the demonstration project. If the authority allocates a grant in increments, each subsequent year's allocation shall be provided to the demonstration project only upon submission of research that shows that the project is progressing toward the identification of a high-quality and cost-effective delivery model that improves health outcomes and access to quality health care and preventive services for vulnerable populations or communities, and can be replicated throughout the state in community settings.

(3) Except for a health facility that qualifies as a "small and rural hospital" pursuant to Section 124840 of the Health and Safety Code, a health facility that has received tax-exempt bond financing from the authority shall not be eligible to receive funds awarded for a demonstration project. Such a health facility may participate as an uncompensated partner or member of a collaborative effort that is awarded a demonstration project grant. A health facility that participates in a demonstration project that receives funds pursuant to this section may not claim the funding provided by the authority toward meeting its community benefit and charity care obligations.

(4) Funds provided to a demonstration project pursuant to this subdivision may be used to supplement, but not to supplant, existing financial and resource commitments of the grantee or grantees or any other member of a collaborative effort that has been awarded a demonstration project grant.

(c) (1) If a demonstration project that receives a grant pursuant to subdivision (b) is successful at developing a new method of delivering high-quality and cost-effective health care services in community settings that result in increased access to quality health care and preventive services or improved health care outcomes for vulnerable populations or communities, or both, then beginning as early as the second year after the initial allocation of moneys provided pursuant to subdivision (b), the authority may implement a second grant program that awards not more than five million dollars (\$5,000,000), in the aggregate, to eligible recipients as defined by the authority, to replicate in additional California communities the model developed by a demonstration project that received a grant pursuant to subdivision (b). Prior to the implementation of this second grant program, the authority shall prepare and provide a report to the Legislature and the Governor on the outcomes of the demonstration project. The report shall be made in accordance with Section 9795.

(2) If the authority implements the second grant program, the authority shall also report annually, beginning with the first year of implementation of the second grant program, to the Legislature and the Governor regarding the program, including, but not limited to, the total amount of grants issued pursuant to this subdivision, the amount of each grant issued, and a description of each project awarded funding for replication of the model.

(3) Grants under this subdivision may be utilized for eligible costs, as defined in subdivision (c) of Section 15432, including equipment, information technology, and working capital, as defined in subdivision (h) of Section 15432.

(4) The authority may adopt regulations relating to the grant program authorized pursuant to this subdivision, including regulations that define eligible recipients, eligible costs, and minimum and maximum grant amounts.

(d) (1) The authority shall prepare and provide a report to the Legislature and the Governor by January 1, 2014, on the outcomes of the demonstration grant program, including, but not limited to, the following:

(A) The total amount of grants issued.

(B) The amount of each grant issued.

(C) A description of other sources of funding for each project.

(D) A description of each project awarded funding.

(E) A description of project outcomes that demonstrate cost-effective delivery of health care services in community settings, that result in improved access to quality health care or improved health care outcomes.

(2) A report submitted pursuant to this subdivision shall be submitted in compliance with Section 9795.

(e) There is hereby created the California Health Access Model Program Account in the California Health Facilities Financing Authority Fund. All moneys in the account are hereby continuously appropriated to the authority for carrying out the purposes of this section. An amount of up to six million five hundred thousand dollars (\$6,500,000) shall be transferred from funds in the California Health Facilities Financing Authority Fund that are not impressed with a trust for other purposes into the California Health Access Model Program Account for the purpose of issuing grants pursuant to this section. Any moneys remaining in the California Health Access Model Program Account on January 1, 2020, shall revert as of that date to the California Health Facilities Financing Authority Fund.

(f) Any recipient of a grant provided pursuant to subdivision (b) shall adhere to all applicable laws relating to scope of practice, licensure, staffing, and building codes.

*(Added by Stats. 2012, Ch. 23, Sec. 5. (AB 1467) Effective June 27, 2012.)*

**15439.** (a) The California Health Facilities Authority Fund is continued in existence in the State Treasury as the California Health Facilities Financing Authority Fund. All money in the fund is hereby continuously appropriated to the authority for carrying out the purposes of this division. The authority may pledge any or all of the moneys in the fund as security for payment of the principal of, and interest on, any particular issuance of bonds issued pursuant to this part, or any particular secured or unsecured loan made pursuant to subdivision (i), (j), or (s) of Section 15438, or for a grant awarded pursuant to subdivision (b) of Section 15438.7, and, for that purpose or as necessary or convenient to the accomplishment of any other purpose of the authority, may divide the fund into separate accounts. All moneys accruing to the authority pursuant to this part from whatever source shall be deposited in the fund.

(b) Subject to the priorities that may be created by the pledge of particular moneys in the fund to secure any issuance of bonds of the authority, and subject further to the cost of loans provided by the authority pursuant to subdivisions (i), (j), or (s) of Section 15438 and to the cost of grants provided by the authority pursuant to Section 15438.7, and subject further to any reasonable costs which may be incurred by the authority in administering the program authorized by this division, all moneys in the fund derived from any source shall be held in trust for the security and payment of bonds of the authority and shall not be used or pledged for any other purpose so long as the bonds are outstanding and unpaid. However, nothing in this section shall limit the power of the authority to make loans with the proceeds of bonds in accordance with the terms of the resolution authorizing the same or pledging or granting a security interest to the provider of credit support as specified in the documents pursuant to which authority revenue bonds are issued.

(c) Pursuant to any agreements with the holders of particular bonds pledging any particular assets, revenues, or moneys, the authority may create separate accounts in the fund to manage assets, revenues, or moneys in the manner set forth in the agreements.

(d) The authority may, from time to time, direct the Treasurer to invest moneys in the fund that are not required for its current needs, including proceeds from the sale of any bonds, in the eligible securities specified in Section 16430 as the agency shall designate. The authority may direct the Treasurer to deposit moneys in interest-bearing accounts in state or national banks or other financial institutions having principal offices in this state. The authority may alternatively require the transfer of moneys in the fund to the Surplus Money Investment Fund for investment pursuant to Article 4 (commencing with Section 16470) of Chapter 3 of Part 2 of Division 4. All interest or other increment resulting from an investment or deposit shall be deposited in the fund, notwithstanding Section 16305.7. Moneys in the fund shall not be subject to transfer to any other fund pursuant to any provision of Part 2 (commencing with Section 16300) of Division 4, excepting the Surplus Money Investment Fund.

(e) All moneys accruing to the authority from whatever source shall be deposited in the fund.

*(Amended by Stats. 2011, Ch. 330, Sec. 4. (AB 1394) Effective January 1, 2012.)*

**15440.** All expenses of the authority incurred in carrying out the provisions of this part shall be payable solely from funds provided pursuant to this part, and no liability shall be incurred by the authority beyond the extent to which moneys shall have been provided under this part.

*(Amended by Stats. 2000, Ch. 517, Sec. 6. Effective January 1, 2001.)*

**15441.** (a) The authority is authorized, from time to time, to issue its revenue bonds in order to provide funds for achieving any of its purposes under this part.

(b) Except as may otherwise be expressly provided by the authority, each of its revenue bonds shall be payable from any revenues or moneys of the authority available therefor and not otherwise pledged, subject only to any agreements with the holders of particular bonds or notes pledging any particular revenues or moneys. Negotiable bonds shall be and be deemed to be for all

purposes negotiable instruments, notwithstanding that these bonds may be payable from a special fund, subject only to the provisions of these bonds for registration.

(c) The authority's revenue bonds may be issued as serial bonds or as term bonds, or the authority, in its discretion, may issue bonds of both types. The issuance of all revenue bonds shall be authorized by resolution of the authority and shall bear such date or dates, mature at such time or times, not exceeding 40 years from their respective dates, bear interest at such rate or rates, be payable at such time or times, be in such denominations, be in such form, either coupon or registered, carry such registration privileges, be executed in such manner, be payable in lawful money of the United States of America at such place or places, and be subject to such terms of redemption, as the indenture, trust agreement, or resolution relating to these revenue bonds may provide. The authority's revenue bonds or notes may be sold by the Treasurer at public or private sale, after giving due consideration to the recommendation of the participating health institution, for the price or prices and upon the terms and conditions as the authority shall determine. The Treasurer may sell these revenue bonds at a price below the par value thereof. However, the discount on any bonds so sold shall not exceed 6 percent of the par value thereof, except in the case of any bonds payable in whole or in part from moneys held under one or more outstanding resolutions or indentures. Pending preparation of the definitive bonds, the authority may issue interim receipts or certificates or temporary bonds which shall be exchanged for such definitive bonds.

(d) A resolution or resolutions authorizing the issuance of any revenue bonds or any issue of revenue bonds may contain provisions, which shall be a part of the contract with the holders of the bonds to be authorized, as to pledging all or any part of the revenues of a project or any revenue-producing contract or contracts made by the authority with an individual, partnership, corporation or association or other body, public or private, to secure the payment of the bonds or of a particular issue of bonds.

(e) Neither the members of the authority nor any person executing the revenue bonds shall be liable personally on the bonds or be subject to any personal liability or accountability by reason of the issuance thereof.

(f) The authority may purchase its bonds with any moneys available to the authority for this purpose. The authority may exchange bonds for its bonds. The authority may hold, pledge, exchange, cancel, or resell these bonds, subject to and in accordance with its agreements with bondholders.

*(Amended by Stats. 2014, Ch. 261, Sec. 2. (SB 1463) Effective January 1, 2015.)*

**15442.** In the discretion of the authority, any revenue bonds issued under the provisions of this part may be secured by a trust agreement or indenture by and between the authority and a corporate trustee or trustees, which may be the Treasurer or any trust company or bank having the powers of a trust company within or without the state. The trust agreement, indenture, or the resolution providing for the issuance of these bonds may pledge or assign the revenues to be received from a participating health institution. The indenture, trust agreement, or resolution providing for the issuance of these bonds may contain provisions for protecting and enforcing the rights and remedies of the bondholders and any provider of credit or liquidity support for these bonds as may be reasonable and proper and not in violation of law, including particularly those provisions as have hereinabove been specifically authorized to be included in any resolution or resolutions of the authority authorizing bonds thereof. Any trust agreement or indenture may set forth the rights and remedies of the bondholders, any provider of credit or liquidity support for these bonds, and of the trustee or trustees, and may restrict the individual right of action of bondholders. In addition to the foregoing, any indenture, trust agreement, or resolution may contain such other provisions as the authority may deem reasonable and proper for the security of the bondholders.

*(Amended by Stats. 2011, Ch. 330, Sec. 6. (AB 1394) Effective January 1, 2012.)*

**15442.1.** Any provision that the authority may include in a trust agreement, indenture, or resolution pursuant to this part may alternatively be included in a bond with the same effect.

*(Added by Stats. 2014, Ch. 261, Sec. 3. (SB 1463) Effective January 1, 2015.)*

**15443.** Revenue bonds issued under the provisions of this part shall not be deemed to constitute a debt or liability of the state or of a political subdivision thereof or a pledge of the faith and credit of the state or of that political subdivision, other than the authority, but shall be payable solely from the funds herein provided. These bonds shall contain a statement to the effect that neither the State of California nor the authority shall be obligated to pay the principal of, or the interest thereon, except from revenues of the authority, and that neither the faith and credit nor the taxing power of the State of California or of a political subdivision thereof is pledged to the payment of the principal of or the interest on these bonds. The issuance of revenue bonds under the provisions of this part shall not directly or indirectly or contingently obligate the state or a political subdivision thereof to levy or to pledge a form of taxation whatever therefor or to make an appropriation for their payment.

*(Amended by Stats. 2014, Ch. 261, Sec. 4. (SB 1463) Effective January 1, 2015.)*

**15444.** Any holder of revenue bonds issued under the provisions of this part or any of the coupons appertaining thereto, and the trustee or trustees under any indenture or trust agreement, except to the extent the rights herein given may be restricted by any resolution authorizing the issuance of, or any such indenture or trust agreement securing, such bonds, may, either at law or in equity,

by suit, action, mandamus or other proceedings, protect and enforce any and all rights under the laws of the state or granted hereunder or under such resolution or indenture or trust agreement, and may enforce and compel the performance of all duties required by this part or by such resolution, indenture, or trust agreement to be performed by the authority or by any officer, employee or agent thereof.

*(Added by Stats. 1979, Ch. 1033.)*

**15445.** All moneys received pursuant to this part, whether as proceeds from selling or incurring revenue bonds or as revenues, shall be deemed to be trust funds to be held and applied solely as provided in this part. Until the funds are applied as provided in this part, and notwithstanding any other provision of law, the moneys may be invested in any obligations or securities authorized by resolutions of the authority authorizing the issuance of the bonds. Any officer with whom, or any bank or trust company with which, the moneys are deposited shall act as trustee of the moneys and shall hold and apply the moneys for the purposes hereof, subject to any regulations adopted pursuant to this part and the resolution authorizing the issuance of the bonds or the indenture or trust agreement securing the bonds.

*(Amended by Stats. 2014, Ch. 261, Sec. 5. (SB 1463) Effective January 1, 2015.)*

**15446.** (a) The authority may provide for the issuance of bonds of the authority for the purpose of redeeming, refunding, or retiring any bonds or any series or issue of bonds then outstanding issued for the benefit of a participating health institution to finance or refinance a project, including the payment of any redemption premium thereon and any interest accrued or to accrue to the date of redemption, purchase, or maturity of the bonds.

(b) The proceeds of any bonds issued for the purpose of refunding of outstanding bonds may, in the discretion of the authority, be applied to the purchase, redemption prior to maturity, or retirement at maturity of any outstanding bonds on their earliest redemption date or dates, upon their purchase or maturity, or paid to a third person to assume the authority's obligation or the applicable bond issuer's obligation to make the payments, and may, pending that application, be placed in escrow to be applied to the purchase, retirement at maturity, or redemption on the date or dates determined by the authority or the participating health institution.

(c) Any proceeds placed in escrow may, pending their use, be invested and reinvested in obligations or securities authorized by resolutions of the authority or as determined by the participating health institution, payable or maturing at the time or times as are appropriate to assure the prompt payment of the principal, interest, and redemption premium, if any, of the outstanding bonds to be refunded at maturity or redemption of the bonds to be refunded either at their earliest redemption date or dates or any subsequent redemption date or dates or for payment of interest on the refunding bonds on or prior to the final date of redemption or payment of the bonds to be refunded. After the terms of the escrow have been fully satisfied and carried out, any balance of the proceeds and interest, income and profits, if any, earned or realized on the investments thereof may be returned to the authority for use by the authority or the participating health institution.

(d) All of the bonds issued pursuant to subdivision (a) are subject to this part in the same manner and to the same extent as other bonds issued pursuant to this part.

*(Amended by Stats. 2011, Ch. 330, Sec. 7. (AB 1394) Effective January 1, 2012.)*

**15447.** Bonds issued by the authority under the provisions of this part are hereby made securities in which all banks, bankers, savings banks, trust companies and other persons carrying on a banking business, all insurance companies, insurance associations and other persons carrying on an insurance business, and all administrators, executors, guardians, trustees and other fiduciaries, and all other persons whatsoever who now are or may hereafter be authorized to invest in bonds or other obligations of the state, may properly and legally invest any funds, including capital belonging to them or within their control; and such bonds, notes or other securities or obligations are hereby made securities which may properly and legally be deposited with and received by any state or municipal officers or agency of the state for any purpose for which the deposit of bonds or other obligations of the state is now or may hereafter be authorized by law.

*(Added by Stats. 1979, Ch. 1033.)*

**15448.** Any bonds issued under the provisions of this part, their transfer, and the income therefrom shall at all times be free from taxation of every kind by the state and by all political subdivisions in the state.

*(Added by Stats. 1979, Ch. 1033.)*

**15449.** The State of California does pledge to and agree with the holders of the bonds issued pursuant to this part, and with those parties who may enter into contracts with the authority pursuant to the provisions of this part, that the state will not limit, alter or restrict the rights hereby vested in the authority to finance health care facilities and to fulfill the terms of any agreements made with the holders of bonds authorized by this part, and with the parties who may enter into contracts with the authority pursuant to the provisions of this part, or in any way impair the rights or remedies of the holders of such bonds or such parties until the bonds,

together with interest thereon, are fully paid and discharged and such contracts are fully performed on the part of the authority. The authority as a public body corporate and politic shall have the right to include the pledge herein made in its bonds and contracts.

*(Added by Stats. 1979, Ch. 1033.)*

**15450.** A pledge by or to the authority of revenues, moneys, accounts, accounts receivable, contract rights and other rights to payment of whatever kind made by or to the authority pursuant to the authority granted in this part shall be valid and binding from the time the pledge is made for the benefit of pledges and successors thereto. The revenues, moneys, accounts, accounts receivable, contract rights and other rights to payment of whatever kind pledged by or to the authority or its assignees shall immediately be subject to the lien of the pledge without physical delivery or further act. The lien of such pledge shall be valid and binding against all parties, irrespective of whether the parties have notice of the claim. The indenture, trust agreement, resolution or another instrument by which such pledge is created need not be recorded.

*(Amended by Stats. 1986, Ch. 842, Sec. 3. Effective September 17, 1986.)*

**15451.** The authority shall fix, revise, charge and collect rents for the use of each project owned by the authority and contract with any person, partnership, association or corporation, or other body, public or private, in respect thereof. Each lease entered into by the authority with a participating health institution and each agreement, note, mortgage or other instrument evidencing the obligations of a participating health institution to the authority shall provide that the rents or principal, interest and other charges payable by the participating health institution shall be sufficient at all times, (a) to pay the principal of, sinking fund payments, if any, the premium, if any, and the interest on outstanding bonds of the authority issued in respect of such project as the same shall become due and payable, (b) to create and maintain reserves which may but need not be required or provided for in the resolution relating to such bonds of the authority, and (c) to pay its share of the administrative costs and expenses of the authority. The authority shall pledge the revenues derived and to be derived from a project or other related health facilities or from a participating health institution for the purposes specified in (a), (b), and (c) of the preceding sentence and additional bonds may be issued which may rank on a parity with other bonds relating to the project to the extent and on the terms and conditions provided in the bond resolution.

*(Added by Stats. 1979, Ch. 1033.)*

**15451.5.** A participating health institution that is a private nonprofit corporation or association and that borrows money to finance working capital pursuant to this part, other than as part of the cost of a project, shall be required to repay and discharge the loan within 24 months of the loan date.

*(Amended by Stats. 2022, Ch. 47, Sec. 3. (SB 184) Effective June 30, 2022.)*

**15452.** When the principal of and interest on bonds issued by the authority to finance the cost of a project or working capital or to refinance outstanding indebtedness of one or more participating health institutions, including any refunding bonds issued to refund and refinance those bonds, have been fully paid and retired or when adequate provision has been made to fully pay and retire those bonds, and all other conditions of the resolution, the lease, the trust indenture and any mortgage or deed of trust, security interest, or any other instrument or instruments authorizing and securing the bonds have been satisfied and the lien of the mortgage, deed of trust or security interest has been released in accordance with the provisions thereof, the authority shall promptly do all things and execute those releases, release deeds, reassignments, deeds, and conveyances necessary and required to convey or release any rights, title, and interest of the authority in the project so financed, and any other health facilities mortgaged or securities or instruments pledged or transferred to secure the bonds, to the participating health institution or institutions.

*(Amended by Stats. 1985, Ch. 1346, Sec. 4. Effective October 1, 1985.)*

**15455.** (a) This part shall be deemed to provide a complete, additional, and alternative method for doing the things authorized by this part, and shall be regarded as supplemental and additional to powers conferred by other laws. The issuance of bonds and refunding bonds under this part need not comply with any other law applicable to the issuance of bonds, including, but not limited to, Division 13 (commencing with Section 21000) of the Public Resources Code.

(b) Except as provided in subdivision (a), the financing of a project pursuant to this part shall not exempt a project from any requirement of law that is otherwise applicable to the project, and the applicant shall provide documentation, before the authority approves the issuance of bonds for the project, that the project has complied with Division 13 (commencing with Section 21000) of the Public Resources Code, or is not a project under that division.

*(Amended by Stats. 2014, Ch. 261, Sec. 6. (SB 1463) Effective January 1, 2015.)*

**15456.** To the extent that the provisions of this part are inconsistent with any other provisions of any general statute or special act or parts thereof, the provisions of this part shall be deemed controlling.

*(Added by Stats. 1979, Ch. 1033.)*

**15457.** Any net earnings of the authority beyond that necessary for retirement of any obligations issued by the authority or to implement the purposes of this chapter may inure to the benefit only of the State of California or the authority.

*(Added by Stats. 1979, Ch. 1033.)*

**15458.** Upon dissolution of the authority, title to all property owned by the authority shall vest in the successor authority created by the Legislature, if any, if such successor authority qualifies under Section 103 of the federal Internal Revenue Code of 1954, as amended, and the regulations promulgated thereunder, as an authority entitled to issue obligations on behalf of the State of California the interest on which is exempt from federal income taxation. If no such successor authority is so created, title to such property shall vest in the State of California.

*(Added by Stats. 1979, Ch. 1033.)*

**15459.** As a condition of the issuance of revenue bonds, whether by the authority or any local agency, to finance the construction, expansion, remodeling, renovation, furnishing, or equipping of a health facility or the acquisition of a health facility, each participating health institution shall give reasonable assurance to the authority that the services of the health facility will be made available to all persons residing or employed in the area served by the facility.

For the purposes of this section and Sections 15459.1, 15459.2, 15459.3, and 15459.4, all of the following definitions apply:

(a) "Local agency" means any public district, public corporation, authority, agency, board, commission, county, city and county, city, school district, or any other public entity.

(b) "Revenue bond" means any bonds, warrants, notes, lease, or installment sale obligations evidenced by certificates of participation, or other evidence of indebtedness issued by the authority or by a local agency payable from funds other than the proceeds of ad valorem taxes or the proceeds of assessments levied without limitation as to rate or amount by the local agency upon property in the local agency.

*(Amended by Stats. 2011, Ch. 330, Sec. 8. (AB 1394) Effective January 1, 2012.)*

**15459.1.** As part of its assurance under Section 15459, the participating health institution shall agree to all of the following actions:

(a) To advise each person seeking services at the participating health institution's facility as to the person's potential eligibility for Medi-Cal and Medicare benefits or benefits from other governmental third-party payers.

(b) To make available to the authority and to any interested person a list of physicians with staff privileges at the participating health institution's facility, which includes all of the following:

(1) Name.

(2) Specialty.

(3) Language spoken.

(4) Whether the physician takes Medi-Cal and Medicare patients.

(5) Business address and phone number.

(c) To inform in writing on a periodic basis all practitioners of the healing arts having staff privileges in the participating health institution's facility as to the existence of the facility's community service obligation. The required notice to practitioners shall contain a statement, as follows:

"This hospital has agreed to provide a community service and to accept Medi-Cal and Medicare patients. The administration and enforcement of this agreement is the responsibility of the California Health Facilities Financing Authority and this facility."

(d) To post notices in the following form, which shall be multilingual where the participating health institution serves a multilingual community, in appropriate areas within the facility, including, but not limited to, admissions offices, emergency rooms, and business offices:

"This facility has agreed to make its services available to all persons residing or employed in this area. This facility is prohibited by law from discriminating against Medi-Cal and Medicare patients. Should you believe you may be eligible for Medi-Cal or Medicare, you should contact our business office (or designated person or office) for assistance in applying. You should also contact our business office (or designated person or office) if you are in need of a physician to provide you with services at this facility. If you believe that you have been refused services at this facility in violation of the community service obligation you should inform (designated person or office) and the California Health Facilities Financing Authority."

The participating health institution shall provide copies of this notice for posting to all welfare offices in the county where the participating health institution's facility is located.

(e) For all facilities in areas, and of a type, not subject to Medi-Cal contracting and for all participating health institution which have negotiated in good faith to obtain a Medi-Cal contract but were not awarded a contract by the California Medi-Cal Assistance Commission, the authority shall make modifications to the requirements contained in this section to reflect the absence of a Medi-Cal contract. Nothing in this section relieves a hospital of its obligations under Section 1317 of the Health and Safety Code.

*(Amended by Stats. 2011, Ch. 330, Sec. 9. (AB 1394) Effective January 1, 2012.)*

**15459.2.** If the participating health institution cannot demonstrate that it meets the requirements of Sections 15459 and 15459.1, it may nonetheless be eligible for financing through the issuance of revenue bonds if it presents a plan that is satisfactory to the authority which details the reasonable steps and timetables that the borrower agrees to take to bring the facility into compliance with these sections.

*(Amended by Stats. 2011, Ch. 330, Sec. 10. (AB 1394) Effective January 1, 2012.)*

**15459.3.** Each participating health institution shall make available to the authority and to the public upon request an annual report substantiating compliance with the requirements of Section 15459. The annual report shall set forth sufficient information and verification therefor to indicate the participating health institution's compliance. The report shall include at least the following:

(a) By category for inpatient admissions, emergency admission, and where the facility has a separate identifiable outpatient service:

- (1) The total number of patients receiving services.
- (2) The total number of Medi-Cal patients served.
- (3) The total number of Medicare patients served.
- (4) The total number of patients who had no financial sponsor at the time of service.
- (5) The dollar volume of services provided to each patient category listed in paragraphs (1), (2), and (3).

(b) Where appropriate, the actions taken pursuant to Section 15459.2 and the effect the actions have had on the data specified in subdivision (a).

(c) Any other information which the authority may reasonably require.

*(Amended by Stats. 2011, Ch. 330, Sec. 11. (AB 1394) Effective January 1, 2012.)*

**15459.4.** The remedies and sanctions available to the authority against the participating health institution for failure to adhere to the assurance given to the authority under Section 15459 shall include all of the following:

- (a) Rendering the participating health institution ineligible for federal and state financial assistance under the Hill-Burton Program.
- (b) Requiring a participating health institution that had originally met the conditions of community service to submit a plan that is satisfactory to the authority which details the reasonable steps and timetables that the participating health institution agrees to take to bring the facility back into compliance with the assurances given to the authority.
- (c) Referring the violation to the office of the Attorney General of California for legal action authorized under existing law or other remedy at law or equity, when a facility fails to carry out the actions agreed to in a plan approved by the authority pursuant to subdivision (b) of this section. However, the remedies obtainable by the legal action shall not include withdrawal or cancellation of the project or projects financed or to be financed through the issuance of revenue bonds.

*(Amended by Stats. 2011, Ch. 330, Sec. 12. (AB 1394) Effective January 1, 2012.)*

**15460.** The State Department of Health Services, in establishing reimbursement for services rendered under the Medi-Cal program by facilities financed under this part, shall reflect those interest savings allocable to Medi-Cal services to the extent feasible and in a manner consistent with federal law.

*(Added by Stats. 1979, Ch. 1033.)*

**15462.** Exclusively for the purpose of securing the financing of projects or working capital pursuant to this part through the issuance of revenue bonds, certificates of participation, or other means, and notwithstanding any other provision of law, any city, city and county, county, or local hospital district may issue bonds to the authority or borrow money from the authority at the interest rate or rates, with the maturity date or dates, payment, security, default, remedy, and other terms as specified in the bonds of the city, city and county, county, or local hospital district or a loan, loan purchase, or other agreement between the authority and the city, city and



county, county, or hospital district, and the city, city and county, county or hospital district may enter into any agreement for liquidity or credit enhancement or any other agreement or instrument that may be necessary or appropriate in connection with any of the foregoing. This section provides a complete, additional, and alternative method for performing the acts authorized by this section, and the borrowing of money from the authority, and any provisions for payment or security or any agreement for liquidity or credit enhancement in connection with the borrowing of money pursuant to this section need not comply with the requirements of any other law applicable to borrowing by a city, county, city and county, or hospital district.

*(Amended by Stats. 1987, Ch. 1426, Sec. 9. Effective September 30, 1987.)*

**15462.5.** Exclusively for the purpose of securing the financing of projects pursuant to this part or through the issuance of revenue bonds, certificates of participation, or other means, and notwithstanding any other law, any city, city and county, county, or hospital district may buy or lease health facilities from the authority, and in connection therewith, sell or lease health facilities to the authority, in each case with the installment payment or rental provisions, term, payment, security, default, remedy, and other terms or provisions as may be specified in the installment sale, lease, or other agreement or agreements, between the authority and the city, city and county, county, or hospital district, and the city, city and county, county, or hospital district may enter into any agreement for liquidity or credit enhancement it may deem necessary or appropriate in connection therewith. This section provides a complete, additional, and alternative method for performing the acts authorized by this section, and any sale or lease of health facilities to the authority, any purchase or lease of health facilities from the authority, and any provisions for payment and security or any agreement for liquidity or credit enhancement in connection therewith, pursuant to this section, need not comply with the requirements of any other law applicable to sale, purchase, lease, pledge, encumbrance, or credit, as the case may be, by a city, city and county, county, or hospital district.

*(Amended by Stats. 1987, Ch. 1426, Sec. 10. Effective September 30, 1987.)*

**15463.** (a) For purposes of this section, the following definitions shall apply:

(1) "No Place Like Home Program" has the same meaning as "program" as defined in Section 5849.2 of the Welfare and Institutions Code.

(2) "No Place Like Home Fund" means the No Place Like Home Fund established pursuant to Section 5849.4 of the Welfare and Institutions Code.

(3) "Permanent supportive housing" has the same meaning as "supportive housing" as defined in Section 50675.14 of the Health and Safety Code, except that "permanent supportive housing" shall include associated facilities if used to provide services to housing residents.

(b) The authority may issue taxable or tax-exempt revenue bonds in an amount not to exceed two billion dollars (\$2,000,000,000), exclusive of refunding bonds but including any net premium derived from the sale of the bonds, pursuant to Sections 15441 to 15450, inclusive, for the purpose of financing permanent supportive housing pursuant to the No Place Like Home Program and through loans under subdivision (d). The authority may also utilize bond proceeds to fund necessary reserves for principal and interest, capitalized interest, credit enhancement or liquidity costs, costs of issuance, administrative expenses under Section 5849.4 of the Welfare and Institutions Code, and to reimburse loans under Section 5849.14 of the Welfare and Institutions Code.

(c) The authority may provide for the issuance of bonds of the authority for the purpose of redeeming, refunding, or retiring any bonds or any series or issue of bonds then outstanding issued under subdivision (b), including the payment of any redemption premium thereon and any interest accrued or to accrue to the date of redemption, purchase, or maturity of the bonds. Subdivisions (b) and (c) of Section 15446 apply to, and in connection with, bonds issued under this subdivision. Sections 15441 to 15445, inclusive, and Sections 15447 to 15450, inclusive, apply to, and in connection with, bonds issued under this subdivision in the same manner and to the same extent as bonds issued under subdivision (b).

(d) The authority may make secured or unsecured loans to the Department of Housing and Community Development in connection with financing permanent supportive housing pursuant to the No Place Like Home Program or to refund bonds previously issued pursuant to this section, in accordance with an agreement between the authority and the Department of Housing and Community Development. Loan proceeds may also be used to fund reserves for principal and interest, capitalized interest, credit enhancement and liquidity costs, expenses of funding, financing, and refinancing, administrative expenses under Section 5849.4 of the Welfare and Institutions Code, and to reimburse loans under Section 5849.14 of the Welfare and Institutions Code.

(e) Each of the authority and the Department of Housing and Community Development may enter into any agreement for credit enhancement or liquidity, execute any instruments, and do any other acts it deems necessary, convenient, or desirable in connection with revenue bonds issued pursuant to this section or carry out any power expressly granted pursuant to this section.

(f) (1) This section provides a complete, additional, and alternative method for performing the acts authorized by this section and shall be construed as supplemental and additional to powers conferred by other laws; provided, however, that the issuance of the bonds and refunding bonds and the execution of any agreements under this section are not subject to, and need not comply with,

the requirements of any other law applicable to the issuance of those bonds or refunding bonds and the execution of those agreements, including, but not limited to, the California Environmental Quality Act (Division 13 (commencing with Section 21000) of the Public Resources Code).

(2) Except as provided in paragraph (1), funding or financing under this section shall not exempt the permanent supportive housing from the requirements of any other law otherwise applicable to the permanent supportive housing.

*(Added by Stats. 2016, Ch. 322, Sec. 1. (AB 1628) Effective September 13, 2016.)*