

Session Starting Shortly

Have a question?

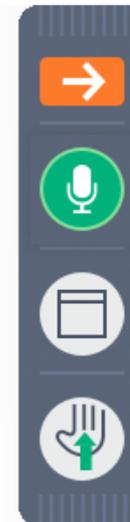
- Click the chat button.
- Type your message into the box and click send.

Accessing today's recording and materials

- As soon as the recording is available, we'll send out a link. A PDF of the slides is in the Handouts section of the Control Panel

Audio Problems?

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HRSA Loan Guarantee Program

Introduction to Capital Link's 2021 Learning Collaborative



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January 19, 2021



Today's Agenda



What is a Learning Collaborative (LC)?



Who Should Participate?



Topic:
Navigating
HRSA LGP



Next Steps



HRSA LGP “Big Picture” Overview on Application Process – Key Elements



Capital Link Overview

- Launched in 1995, nonprofit, HRSA national cooperative partner
- Offices in CA, CO, FL, MA, and WV
- **Approx. \$1.5 billion** in financing for **over 235** capital projects (about 10% of current health center facility space)
 - **Direct assistance** to health centers and complementary nonprofit organizations in planning for and financing operational growth and capital needs
 - **Industry vision and leadership** in the development of strategies for organizational, facilities, operational, and financial improvements
 - **Metrics and analytical services** for measuring health center impact, evaluating financial and operating trends and promoting performance improvement

Capital Link Impact

ASSISTED **2/3^{rds}** OF HEALTH
CENTERS NATIONALLY

LEVERAGED **\$1.25 billion**

FOR **235+** HEALTH CENTER PROJECTS

TOTALING
OVER **\$1.5 billion**

Capital Link Products and Services



Plan for health center sustainability and growth



Help health centers access capital



Improve and optimize health center operations and financial management



Articulate health center value

- Capital Link supports HRSA in providing individual technical assistance to health centers in their understanding of the Loan Guarantee Program as it relates to their planned capital projects and whether/how to apply

POLL:

Where Are You In Your Capital Project Planning Process?

1. Starting to consider a potential project.
2. A project has been decided but no timeline is in place.
3. Early planning; timeline is 2-3 years.
4. Planning underway, construction to begin in 1-2 years.



Planning Stage Poll Results

1. Starting to consider a potential project.
2. A project has been decided but no timeline is in place.
3. Early planning; timeline is 2-3 years.
4. Planning underway, construction to begin in 1-2 years.

What is a Learning Collaborative?



Our Learning Collaborative Description

- For health centers **planning or anticipating a capital project** in next **one to three years**
- **No cost** to participants
- Four interactive learning sessions that will provide guidance and insights on applying for a HRSA Loan Guarantee
- Approximately 45-minute learning sessions **between February and May 2021** conducted via webinars. “Office hours” via phone are also anticipated periodically. When conference gatherings resume, there will be opportunity for in-person discussions.

Who Should Participate?



Health centers
expanding/
renovating in 1-
3 years



Cohort Size:
10-20
Health
Centers



Health Center
Staff:
Executive,
Financial,
Strategic
Planning



Targeted Health Center Benefits

- Step-by-Step Understanding of the HRSA LGP Application, Approval and Closing Process – Start to Finish
- Clarification on Options and Criteria
- Guidance on Lender Expectations
- Peer Learning

Key Dates – Planned Sessions/Topics



Intro Session:
Today

- Introduction to Learning Collaborative and HRSA LGP Application Process Overview

Session 1: Feb 16

- Welcome to LC; more detailed overview of LGP application process; 8-step application walk-thru process; sample LGP application walk-thru; deeper dive into LGP application; Q&A

Session 2: Mar 23

- HRSA LGP Staff guest speaker will address key highlights and tips for pursuing HRSA loan guarantee; 2nd guest speaker Cindy Barr, RN, EDAC - planning principals for facility development

Key Dates – Planned Sessions/Topics



Session 3: April 13

- Business Plan and Projections Preparation Guidance; different funding sources discussion; matching New Markets Tax Credits with a HRSA LG; Q&A

Session 4: May 18

- Guest speaker Adrienne Cooksey of Capital Link will address the market assessment process as one of the key elements expected to support the project in the LGP required business plan; recap of key LGP application elements/steps; wrap up; 2 polls; Q&A

Learning Collaborative Application Deadline

- February 5, 2021

Don't Miss the
DEADLINE!



Prepare Your Application



www.capl原因ink.org/trainings-and-programs/learning-collaboratives

HRSA LGP “Big Picture”

- Originally authorized by Congress the HRSA LGP offers loan guarantees for the **construction, renovation, and modernization of medical facilities** operated by Section-330-funded health centers.
- The guarantee can cover up to 80% of the principal and accrued interest on loans made by non-federal lenders. No limit on loan size—loans for projects of \$5-7 million or more have been typical
- Congress appropriated *new funds* for the program in 2018, enabling HRSA to update and modernize the LGP to provide guarantees for almost \$900 million in new loans to health centers.



Purpose and Benefits of HRSA LGP



- Enhance a health center’s credit profile, reducing a lender’s risk, allowing them to lend to health centers under more favorable terms than otherwise possible.
- For some centers, this might mean the difference between getting a “yes” vs. “no” from a lender
- For others, the guarantee may allow the lender to offer a lower interest rate, a longer fixed-rate term, a higher loan-to-value ratio and/or the lender might accept less collateral



Why Might I Need a HRSA Loan Guarantee?



- Your health center has experienced financial ups and downs.
- Your health center's ability to repay a loan is dependent upon a higher level of provider productivity than you've previously achieved.
- Your health center is in a rural area where it is more difficult to recruit and retain providers, and your loan is predicated on your ability to increase the number of providers.

More Reasons You May Need a HRSA Loan Guarantee



- The scale of your project is large compared to your current operations and past debt capacity.
- The appraised value of your project is likely to be less than the cost to build.
- Weak economic conditions make lenders leery of lending in “risky sectors.”

Preparation to Submit HRSA Loan Guarantee Application



- Pre-Application Consultation with HRSA LGP Staff AFTER site control and you have at least a *BASIC PLAN* for your project
- Ideally AFTER lender has reviewed loan guarantee agreement docs
- These steps are not required but strongly recommended



Pre-Application Prep

- **Market Assessment** - A clear understanding of the market you wish to serve.
- **Strategy Development** - An overarching strategy to meet the market's needs.
- **Project Planning** - A detailed and specific plan for your project.
- **Financial Planning** - A detailed outline of costs and financial projections.
- **Project Team Development** - An experienced team of internal and external experts.
- **BUSINESS PLAN - *REQUIRED.***
- **Lender's legal has reviewed HRSA LGP guarantee agreement docs in advance**

Tools to Help

- Resource to assist with writing a business plan:
 - [*Creating a Business Plan for a Community Health Center Capital Project*](#)
- Webinar to assist with market assessment :
 - [*Webinar: Tools and Techniques to Assess Your Health Center's Market and Community Needs*](#)
- Toolkit to assist with strategy development :
 - [*Creating a Dynamic and Useful Strategic Plan: A Toolkit for Health Centers*](#)
- Publication to assist with project team creation:
 - [*Assembling a Capital Project Team*](#)

More Tools – Project Planning

- [*Capital Project Work Plan*](#) - Helps health centers identify the necessary steps in the capital development process that specifically address their individual capital projects.
- [*Checklist: Sustainable Community Health Center Renovations*](#) - This checklist consists of no-or low-cost sustainable principles for implementation into health center expansions and renovations, to be used in the earliest stages of project planning.
- [*Estimating Capital Project Costs for Health Centers*](#) – Outlines the main components of a capital project budget and provides assistance in estimating top-line construction costs, based on the review of approximately 500 community health center capital projects.

www.caplink.org/resources

2 PROJECTIONS FOR APPLICATION

- The LGP application requires projections for the health center's operations as a whole/consolidated and for the proposed project as if it were a stand-alone entity.
- Third party appointed by HRSA reviews projections.

"Hockey Stick" Revenue Growth



Source: QuestFusion LLC

Pre-Application Prep Continued - NEPA



- If HRSA determines, it may be required to provide a NEPA Environmental Assessment Report with the LGP application. This report is ***not the same*** as a Phase I Environmental Site Assessment (although your lender will likely require one of these as well).
- NEPA: National Environmental Policy Act
- Phase 1 Environmental Site Assessment investigates past and current property uses impacting the soil or groundwater that could affect human health (example: forgotten buried gasoline storage tank).
- NEPA Environmental Assessment reviews bigger picture surrounding environmental impacts and concerns possibly connected to the project (water, air, wildlife, other potential impacts).

Environmental Information and Documentation

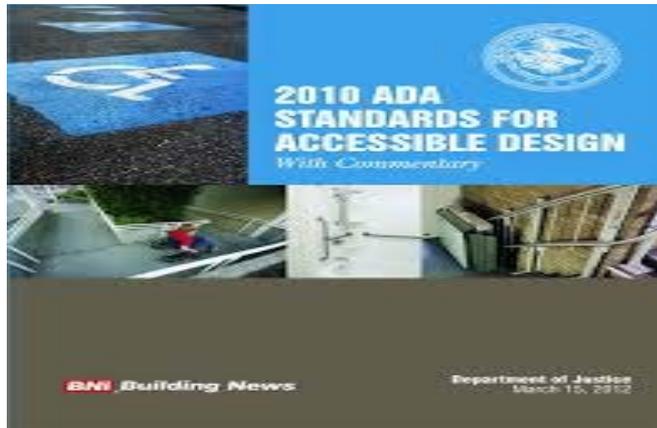


- This is a required part of the HRSA LGP application.
- **Prepare this checklist as early as possible** and submit to for HRSA for review so you can identify and address any issues that may otherwise impede or delay the project.
- Upon review, HRSA will let you know if any additional environmental or historical review will be required.



More Pre-Application Prep

- LGP application requires projects meet **minimum design standards for accessibility** and;
- demonstrate to the greatest extent practicable incorporation of appropriate sustainability principles and federal green building requirements.
- *Tell your architect in advance.*



Choosing a Lender

- No Federal Lenders; (FDIC or CDFI = OK)
- No Tax Exempt Bond Authorities
- Due Diligence / Underwriting = Loan Approval = Commitment Letter
- Commitment may be subject to HRSA's Guarantee Approval
- Submission of as-built appraisal for the project required – lender orders



Application Submission and HRSA Review



- Application materials are submitted through the Electronic Handbook link on HRSA's [website](#).
- Lender also submits comprehensive credit analysis and statement describing the value of the HRSA loan guarantee to the applicant and project.
- HRSA performs both an onsite and desk review of the application, generally within 60 days of complete application submission. The review includes a programmatic review, Architectural/Engineering Reasonableness Review, and a NEPA and Historic Preservation Review.



Two Months Approval Timeline

- If the application is approved, HRSA will issue a Loan Guarantee Commitment Letter. Thereafter, the lender coordinates the loan closing.
- HRSA LGP application approval process is expected to take **two months** following submission of completed application



Learning Collaborative – Upcoming Sessions – Cohort #2



HRSA Loan Guarantee Program – Navigating the Application Process

- **Feb 16** @ 10:00 PST/1:00 ET webinar
- **Mar 23** @ 10:00 PST/1:00 ET webinar
- **Apr 13** @ 10:00 PST/1:00 ET webinar
- **May 18** @ 10:00 PST/1:00 ET webinar

*All webinar recordings and most referenced tools and resources will be available [online](#).

Contact Us

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