

**CALIFORNIA HEALTH FACILITIES FINANCING AUTHORITY
Children's Hospital Program of 2004 (Proposition 61)**

STAFF SUMMARY

Applicant:	Rady Children's Hospital - San Diego 3020 Children's Way San Diego, California 92123-4282 San Diego County	Grant Number:	CHSD-04
		Authority Meeting Date:	April 26, 2018
		Resolution Number:	CHP 2018-01
		Total Recommended Amount:	\$944,551.00
Project Sites: Same as above			
Description of Applicant: Rady Children's Hospital - San Diego is a non-profit 501(c) (3) general acute care hospital.			
Summary of Project: Rady Children's Hospital –San Diego (“RCHSD” or the “Hospital”) is seeking grant funds to reimburse the purchase of clinical care equipment: Perinatology Ultrasound machines and their components; and Extracorporeal Membrane Oxygenation (ECMO) Cardiology Portable Heart-Lung Support Systems; and Intensive Care Unit (ICU) Mechanical Ventilators.			
Proposition 61 Evaluation Factors: ¹ Based on the review of the application and other submitted materials, staff evaluated RCHSD's project using the factors identified in Proposition 61.			
<i>Factor 1: The grant will contribute toward expansion or improvement of health care access by children eligible for governmental health insurance programs and indigent, underserved, and uninsured children:</i>			
ECMO Cardiology Portable Heart-Lung Support System- The Hospital purchased two new systems to increase RCHSD's capacity to serve pediatric patients needing ECMO support from five to seven heart-lung support systems in order to keep pace with a rise in the Hospital's increasing number of cases from 15 in FY 2015 to 37 in FY 2017. Additionally, RCHSD's pediatric patients, of which over half are eligible for Governmental Health Programs and are indigent, underserved or uninsured, are being placed on the systems a lot longer than previously (approximately 173 days longer).			
ICU Mechanical Ventilator- The mechanical ventilator provides protective lung ventilation for intensive care units, which reduces perioperative risk in neonates and young infants; thereby, reducing infections and long term neurodevelopmental impairments. Due to an increase of ventilation days (days patients are on ventilators) by 43% from FY 2016 to FY 2017, 32 new ventilators were purchased. An additional projected 9% increase in ventilation days is expected in FY 2018.			
<i>Factor 2: The grant will contribute toward the improvement of child health care or pediatric patient outcomes:</i>			
Perinatology Ultrasound – The most advanced imaging capabilities is useful in high risk pregnancies by allowing physicians to examine fetuses, monitor, identify and intervene high risk complications through the third trimester. Medical and interventional treatments for select diseases for delivery room care enable stabilization of high-risk fetuses.			
ECMO Cardiology Portable Heart-Lung Support System- The two new systems purchased are the smallest portable heart-lung support systems designed to transport patients needing extended respiratory and/or circulatory support. The compact portable system is superior in improving critical blood values in a shorter amount of time, and it allows fewer blood transfusions. The use of the system reduces the risk of infectious agents transmitted by blood components that could be fatal to a newborn.			
<i>Factor 3. Demonstration of project readiness and project feasibility:</i>			
The clinical care equipment were purchased between July 2017 and February 2018 and are currently in use.			
Sources and Uses of Funds:			
<u>Sources of Funds:</u>		<u>Uses of Funds:</u>	
Prop 61 Grant Funds	\$944,551.00	Equipment	\$980,111.34
Hospital Funds	<u>35,560.34</u>		
Total	<u>\$980,111.34</u>	Total	<u>\$980,111.34</u>
Legal Review: Although disclosures were made by the applicant, the information disclosed does not appear to detrimentally affect the financial viability or legal integrity of the applicant.			
Staff Recommendation: Staff recommends the Authority approve Resolution No. CHP 2018-01 for Rady Children's Hospital – San Diego to provide a grant not to exceed \$944,551 and subject to all requirements of the Children's Hospital Program of 2004.			

¹ Staff also ensured that the hospital met an additional three evaluation factors that are not project specific but specific to the hospital, which include:
1. The hospital provides uncompensated or undercompensated care to indigent or public pediatric patients.
2. The hospital provides services to vulnerable pediatric populations.
3. The hospital promotes pediatric teaching or research programs.

RESOLUTION NO. CHP 2018-01

RESOLUTION OF THE CALIFORNIA HEALTH FACILITIES FINANCING AUTHORITY APPROVING EXECUTION AND DELIVERY OF GRANT FUNDING UNDER THE CHILDREN'S HOSPITAL BOND ACT OF 2004 TO RADY CHILDREN'S HOSPITAL – SAN DIEGO

WHEREAS, the California Health Facilities Financing Authority (the “Authority”), a public instrumentality of the State of California, is authorized by the Children’s Hospital Bond Act of 2004 (Pt. 6 (commencing with Section 1179.10), Div. 1, Health and Safety Code; hereafter the “Act”) and implementing regulations to award grants from the proceeds of general obligation bonds in an amount not to exceed \$944,551 to Rady Children’s Hospital – San Diego (“Grantee”) to finance eligible projects; and

WHEREAS, Authority staff reviewed the Grantee’s application against the eligibility requirements of the Act and implementing regulations and, pursuant to the Act and implementing regulations, recommends approval of a grant in an amount not to exceed \$944,551 to the Grantee for the eligible project (the “Project”) described in the application;

NOW THEREFORE BE IT RESOLVED by the California Health Facilities Financing Authority, as follows:

Section 1. The Authority hereby approves a grant of \$944,551 to the Grantee to complete the Project as described in the Children’s Hospital Program Application and Exhibit A to this Resolution (Exhibit A is hereby incorporated by reference) within a project period that ends on April 26, 2019.

Section 2. The Executive Director is hereby authorized for and on behalf of the Authority, to approve any minor, non-material changes in the Project described in the application submitted to the Authority and extend the project period completion date identified in Section 1 as authorized under the Act and implementing regulations. Nothing in this Resolution shall be construed to require the Authority to provide any additional funding, even if more grants are approved than there is available funding. Any notice to the Grantee shall indicate that the Authority shall not be liable to the Grantee in any manner whatsoever should such funding not be completed for any reason whatsoever.

Section 3. The Executive Director is hereby authorized and directed, for and on behalf of the Authority, to draw money from the Children’s Hospital Bond Act Fund (2004) not to exceed those amounts approved by the Authority for the Grantee. The Executive Director is further authorized and directed, for and on behalf of the Authority, to execute and deliver to the Grantee any and all documents necessary to complete the transfer of funds that are consistent with the Act and implementing regulations.

Section 4. The Executive Director of the Authority is hereby authorized and directed to do any and all things and to execute and deliver any and all documents which the Executive Director deems necessary or advisable in order to effectuate the purposes of this Resolution and the transactions contemplated hereby.

Section 5. This Resolution expires April 26, 2019.

Date Approved: _____

EXHIBIT A

PROJECT DESCRIPTION

The proceeds of the grant will be used by Rady Children's Hospital – San Diego to reimburse the costs associated with the purchase of clinical care equipment including Perinatology Ultrasound machines and their components; Extracorporeal Membrane Oxygenation (ECMO) Cardiology Portable Heart-Lung Support Systems; and Intensive Care Unit Mechanical Ventilators.