

CALIFORNIA HEALTH FACILITIES FINANCING AUTHORITY

Staff Report Affirm Approval of Resolution No. CHP-3 2011-01

April 26, 2012

Issue

At the January 27, 2011 Authority meeting, the Board approved a grant in the amount of \$9,468,055 to Rady Children's Hospital – San Diego's Children's Hospital. Although the Board approved the correct grant amount as described in the staff report and resolution, an incorrect grant amount of \$7,965,475 was inadvertently listed on the agenda.

At the time the agenda was drafted, staff believed a portion of the amount requested in the grant application was ineligible. After the agenda was posted but before the staff report and recommended resolution were delivered to Board members, CHFFA management and legal counsel determined the entire requested amount was eligible. The resolution and staff report included the correct amount of \$9,468,055, but the agenda was mistakenly not corrected. The error was not discovered until recently. The minutes of the January 27, 2011 meeting reflect that the correct amount was recommended to and approved by the Board.

The agenda for the January 27, 2011 meeting states: "The amount of each resolution is an estimate and the actual amount of the resolution as of the date of the meeting may decrease from the posted amount, or may be increased by no more than 10% over the posted amount." However, the difference between the approved amount and the amount on the agenda was slightly greater than 10%. Staff conferred with in-house legal counsel who recommended that the Board and public be made aware of the inadvertent error, and the Board affirm its decision to approve the grant award for the correct amount.

Staff Recommendation

Staff recommends the Authority affirm approval of Resolution No. CHP-3 2011-01 for Rady Children's Hospital – San Diego in the amount of \$9,468,055.

RESOLUTION NO. CHP-3 2011-01

**A RESOLUTION OF THE CALIFORNIA HEALTH
FACILITIES FINANCING AUTHORITY APPROVING
EXECUTION AND DELIVERY OF GRANT FUNDING
UNDER THE CHILDREN'S HOSPITAL BOND ACT OF 2008
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 2008 (Pt. 6 (commencing with Section 1179.50), 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 \$98,000,000 less the bond issuance and administrative costs to qualified children's hospitals to finance eligible projects; and

WHEREAS, Authority staff reviewed this application against the eligibility requirements of the Act and implementing regulations and, pursuant to the implementing regulations, approved an initial allocation of an amount not to exceed \$9,468,055 million less the bond issuance and administrative costs to the applicant for the eligible projects described in the application; and

WHEREAS, Authority staff recommends approval of the final allocation by the Authority in the form of a grant; and

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

Section 1. The Authority hereby approves a grant of \$9,468,055 less the bond issuance and administrative costs to the Rady Children's Hospital - San Diego to complete eligible projects as described in the Children's Hospital Program Application and Exhibit A to this Resolution (which is hereby incorporated by reference) within a project period that ends on January 31, 2012.

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 said officers shall deem appropriate and 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 an applicant approved hereunder shall indicate that the Authority shall not be liable to the applicant 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 Program Fund not to exceed those amounts approved by the Authority for the Grantee approved in Section 1. The Executive Director is further authorized and directed, for and on behalf of the Authority, to execute and deliver to the Grantee in Section 1 any and all documents necessary to complete the transfer of funds that are consistent with the 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 that have heretofore been approved as to form by the Authority 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 January 31, 2012.

Date Approved: January 27, 2011

EXHIBIT A

PROJECT DESCRIPTION

The proceeds of the grant will be used by Rady Children's Hospital–San Diego to reimburse a portion (\$9,468,055 or 38.75%) of its overall costs (\$24,434,905) for the purchase of a ground lease which included a four-story pediatric specialist medical office building on the hospital campus located at 3030 Children's Way, San Diego, CA 92123.