

CALIFORNIA HEALTH FACILITIES FINANCING AUTHORITY

Children's Hospital Program of 2018

Grant Application for Children's Hospitals

GENERAL OBLIGATION BOND
FINANCING FOR PUBLIC AND
PRIVATE CALIFORNIA CHILDREN'S
HOSPITALS

915 Capitol Mall, Room 435
Sacramento, California 95814

Phone: (916) 653-2799

Fax: (916) 654-5362

The Children's Hospital Program of 2018
Application Submission Instructions

Children's Hospitals shall submit applications for Grant funds to the California Health Facilities Financing Authority. An original and one copy of the Application is to be provided in separate binders and tabbed as specified below to:

California Health Facilities Financing Authority
915 Capital Mall, Suite 435
Sacramento, CA 95814

TAB 1. Application

1. Completed pages 1-8 of the application
2. Any third-party data or other information requested in the appropriate application sections.

TAB 2. Financial Information

Most Recent Audited Financial Statements (California Code of Regulations (CCR), Title 4, Section 7005, subdivision (a)(1))

TAB 3 Organization Information

1. A copy of the current general acute care hospital license issued by the State of California Department of Public Health or the current general acute care hospital license issued by the California Department of Public Health to the California nonprofit corporation of which the Children's Hospital is an operating entity. (CCR, Title 4, Section 7005, subdivision (a)(2)(B))
2. If the Children's Hospital is a Non University of California Children's Hospital, submit both of the following:
 - (a) A copy of the 501(c)(3) determination letter from the Internal Revenue Service (IRS) and either the tax-exemption letter or Letter of Good Standing from the Franchise Tax Board (FTB). Children's Hospitals that are operating entities of a California nonprofit corporation, the IRS and FTB letters are required for the parent corporation. (CCR, Title 4, Section 7005, subdivision (a)(2)(A)(i))
 - (b) A copy of the Children's Hospital's Articles of Incorporation and Bylaws. Children's Hospitals that are operating entities of a California nonprofit corporation, the Articles of Incorporation and Bylaws are required for the parent corporation. (CCR, Title 4, Section 7005, subdivision (a)(2)(A)(ii))

TAB 4 Legal Information

Legal Status Questionnaire - Attachment A of the Application

TAB 5 Certification

The Agreement and Certification - Attachment B of the Application (Attachment C if applicable)

The Children's Hospital Program of 2018
Application for Children's Hospitals



Please type all responses. Incomplete or illegible applications will not be considered.

A. Summary Information

Date of Application: _____

Total CHFFA Grant Amount Requested: _____

Designated Lead Grantee Children's Hospital Legal Name: _____

Federal Tax ID#: _____

Street Address: _____

City, State, Zip: _____

County: _____

Address of Project (if different from above): _____

County: _____

Contact Person: _____ **Title:** _____

Phone: _____ **Fax:** _____

E-mail Address: _____

Lead Grantee Requested Amount: \$ _____

Children's Hospitals Applying Jointly*(if applicable)

Additional Children's Hospital Legal Name: _____

Federal Tax ID#: _____

Street Address: _____

City, State, Zip: _____

County: _____

Contact Person: _____ **Title:** _____

Phone: _____ **Fax:** _____

E-mail Address: _____

Requested Amount: \$ _____

*If additional Children's Hospitals are applying jointly, please include additional contact information and Attachment B and C for each additional Children's Hospital.

NOTE: For the first Funding Round only, eligible University of California Children's Hospitals are limited to \$54 million in grant funding less cost of issuance and administrative costs. Eligible Non University of California Children's Hospitals are limited to \$135 million in grant funding less cost of issuance and administrative costs.

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<Authority Use Only>

Date Received: (stamp below) **Allocation Meeting Date:** _____

Resolution Number: _____

B. Children's Hospital and Project Eligibility

Name of Children's Hospital: _____

1. Is your facility:

- ☐ A University of California general acute care hospital described as:
- University of California Davis Children's Hospital.
 - Mattel Children's Hospital at University of California, Los Angeles.
 - University Children's Hospital at University of California, Irvine.
 - University of California, San Francisco Children's Hospital.
 - University of California, San Diego Children's Hospital.

OR

- ☐ A general acute care hospital that is, or is an operating entity of, a California nonprofit corporation that received a grant or grants pursuant to Part 6 (Children's Hospital Bond Act of 2004) or Part 6.1 (Children's Hospital Bond Act of 2008) of Division 1 that provides comprehensive pediatric services to a high volume of children eligible for governmental programs and to children with special health care needs eligible for the California Children's Services program.

If the organization is not one of the above, the organization is ineligible to apply as a Children's Hospital as defined in The Children's Hospital Program of 2018 regulations.

- | | Yes | No |
|--|--------------------------|--------------------------|
| 2. If the Children's Hospital is not a University of California Children's Hospital, is the Children's Hospital, or the California nonprofit corporation of which the Children's Hospital is an operating entity, a non-profit 501(c)(3) corporation, for purposes of federal and state tax law? | <input type="checkbox"/> | <input type="checkbox"/> |
| 3. Is the Children's Hospital, or the California nonprofit corporation of which the Children's Hospital is an operating entity, currently licensed by the State of California Department of Public Health as a general acute care hospital? | <input type="checkbox"/> | <input type="checkbox"/> |
| 4. Are the most recent audited financial statements of the Children's Hospital or the California nonprofit corporation of which the Children's Hospital is an operating entity free of Going Concern Qualification language? | <input type="checkbox"/> | <input type="checkbox"/> |

NOTE: If Children's Hospitals Applying Jointly, please fill out items 1, 2, 3, and 4 for each Children's Hospital.

- | | Yes | No |
|---|--------------------------|--------------------------|
| 5. Is the Project an eligible project? Project means: Constructing, expanding, remodeling, renovating, furnishing, equipping, financing, or refinancing capital assets, as defined in Section 16727(a) of the Government Code, of a Children's Hospital. This may include reimbursement for the costs of constructing, expanding, remodeling, renovating, furnishing, equipping, financing or refinancing where such costs are incurred after January 1, 2018. The definition of Project does not include costs of issuance for any financing or refinancing of a Project. | <input type="checkbox"/> | <input type="checkbox"/> |
| 6. If the Children's Hospital proposes to use Grant funds for the acquisition of real property, does the Children's Hospital have a valid, current, enforceable contingent purchase and sale agreement or option agreement between the Children's Hospital or the California nonprofit corporation of which the Children's Hospital is an operating entity and the owner of the subject property, including evidence that all extensions necessary to keep the agreement current through the Final Allocation have been executed, if applicable? | <input type="checkbox"/> | <input type="checkbox"/> |
| 7. If the Children's Hospital proposes to use Grant funds for a Project other than equipment acquisition on certain property, can the Children's Hospital provide evidence that either: <ul style="list-style-type: none"> • The Children's Hospital or the California nonprofit corporation of which the Children's Hospital is an operating entity owns the property, OR • The Children's Hospital or the California nonprofit corporation of which the Children's Hospital is an operating entity is a lessee under a lease agreement that satisfies Section 7014 of the Children's Hospital Program Regulations. | <input type="checkbox"/> | <input type="checkbox"/> |
| 8. If the Children's Hospital proposes to use Grant funds for a Project that includes the acquisition of real property, architect, design, and/or engineering fees, can the Children's Hospital provide the Authority with reasonable assurance that the Project itself or the Project as a component of a larger project will ultimately benefit the health and welfare of California's critically ill children? | <input type="checkbox"/> | <input type="checkbox"/> |

If the Children's Hospital answered "No" to any question above, the Children's Hospital is not eligible to receive a grant.

C. Project Description

- (a) Describe the Project and explain:
1. How well the Project contributes to both of the following:
 - A Expansion of Health Care Access or Improvement of Health Care Access by children eligible for Governmental Health Insurance Programs and indigent, underserved, and uninsured children.
 - B Improvement of Child Health Care or Improvement of Pediatric Patient Outcomes.
 2. How well the Children's Hospital does any or all of the following:
 - A Provides Uncompensated Indigent Care or Undercompensated Care to eligible pediatric patients.
 - B Provides services to Vulnerable Pediatric Populations.
 - C Promotes Pediatric Teaching Programs or Pediatric Research Programs.
- (b) To ensure that the tax-exempt status of the General Obligation bonds funding this program conforms to all applicable bond law, please answer the following:
1. Was any portion of the Project to be refinanced with the Grant originally funded with the proceeds of a tax-exempt financing? If yes, please describe the tax-exempt financing.
 2. For any requests by the University of California Children's Hospitals to refinance Projects that have already been completed, when were the expenditures incurred for the Project to be refinanced with the Grant?
 3. For Children's Hospitals Applying Jointly, include a statement of the benefits to each Children's Hospital identified in the Application.

D. Project Readiness and Feasibility

1. All Children's Hospitals shall provide a project timeline, which:
 - Describes expected project start and completion dates.
 - Describes any problems anticipated in implementing the Project and how problems will be managed to ensure timely completion.
2. All Children's Hospitals shall identify and provide supporting documentation as described for the following types of Projects and funding sources:
 - For all Projects with the exception of equipment acquisition projects, Children's Hospital shall submit estimates of Project costs and evidence of property ownership or, if the property is leased to a Children's Hospital or the California nonprofit corporation of which the Children's Hospital is an operating entity, a copy of a lease agreement that satisfies the requirements of Section 7014 of the Children's Hospital Program Regulations. The Children's Hospital shall also provide building permits and/or executed construction, architect, design and engineering contracts, if available. A Children's Hospital with a Project that does not yet have an executed construction contract or building permit but is actively in the process of obtaining one shall provide a detailed statement that explains the status of obtaining the document.
 - For Projects that include the acquisition of real property, the Children's Hospital shall submit a copy of an executed purchase and sale agreement or status of obtaining one or other evidence of site control to the satisfaction of the Authority and a timeline that specifies when the entire Project will be complete.
 - For equipment acquisition projects, the Children's Hospital shall submit a specific list of items and cost estimates of equipment or copies of invoices, and if applicable, cost estimates of installation of such equipment.
 - If funding sources other than the Grant are required to complete the Project, the Children's Hospital shall provide proof of the other funding source, including but not limited to, commitment letters, board approved capital campaign plans or any other documentation acceptable to the Authority. Such documentation shall be in accordance with the Project timeline and budget.

3. Children's Hospitals shall adequately describe their plans for implementing the Project, including:
 - The Children's Hospital shall submit a third-party prepared feasibility study, funding letters or other documentation to demonstrate that the Project will generate sufficient revenues to provide on-going support for new or expanded services and/or research programs. If revenues generated by the Project will be insufficient, the Children's Hospital's revenues shall be sufficient as determined by Authority staff, to provide on-going support.
 - When applicable, the Children's Hospital shall submit evidence that it is in compliance with the California Environmental Quality Act and all other applicable law for all Projects.

E. Sources and Uses of Funds*

Children's Hospitals must submit the budget for their proposed Project including all sources and uses of funds. If other sources of funds will be used to complete the Project, the Children's Hospitals must submit copies, if available, of written confirmation, including bank and grant commitment letters of these funding sources. If documentation for other sources of funds has been provided for Section D (3), Children's Hospitals do not need to provide additional copies.

The Children's Hospital must itemize what portion of the total funds available will be used for each specific portion of the proposed Project. In some instances, funds from sources other than the proposed grant may be used for portions of a proposed Project that would otherwise be ineligible for the grant. The Children's Hospital therefore shall describe how the grant funds as well as other grants, loans, or internal funds will be used. Authority staff must be able to determine that the entire grant will be used for eligible portions of the proposed Project.

Sources of Funds:

| | |
|--|-------------|
| Total CHFFA Grant Amount Requested | \$ _____ |
| Children's Hospital Internal Funds | \$ _____ |
| Other (bank loans, grants, etc.): | |
| _____ | \$ _____ |
| _____ | \$ _____ |
| _____ | \$ _____ |
| Total Sources | \$ <u>0</u> |

Uses of Funds:

| | |
|--------------------------------------|-------------|
| Construct/expand facilities | \$ _____ |
| Acquire facilities | \$ _____ |
| Remodel/renovate | \$ _____ |
| Purchase equipment/furnishings | \$ _____ |
| Other (list): | |
| _____ | \$ _____ |
| _____ | \$ _____ |
| _____ | \$ _____ |
| _____ | \$ _____ |
| Total Uses | \$ <u>0</u> |

*Total Sources must equal Total Uses. In no case can a grant award exceed the total cost of the Project.

F. Financial Capacity

As part of its due diligence review, the Authority staff will review the Most Recent Audited Financial Statements of the Children's Hospital, Children's Hospitals Applying Jointly, or the California nonprofit corporation of which the Children's Hospital is an operating entity to ensure there is no Going Concern Qualification language as part of the audit.

G. Application Submission

Applications are due the first business day of each month, except October and November, and will be presented to the Authority members the following month. For the month of October, Applications are due on October 7 or the next business day. Applications received on October 7 will be presented for Authority consideration at a regularly scheduled meeting in December or January. Applications are not accepted in November.

Applications must be submitted in duplicate to the Authority. Each Children's Hospital may apply more than once. Submit completed application by mail to:

California Health Facilities Financing Authority
915 Capitol Mall, Room 435
Sacramento, CA 95814

LEGAL STATUS QUESTIONNAIRE

1. Financial Viability

Disclose material information relating to any legal or regulatory proceeding or investigation in which the Children's Hospital/borrower/project sponsor is or has been a party and which might have a material impact on the financial viability of the project or the Children's Hospital/borrower/project sponsor. Such disclosures should include any parent, subsidiary, or affiliate of the Children's Hospital/borrower/project sponsor that is involved in the management, operation, or development of the project.

Response:

2. Fraud, Corruption, or Serious Harm

Disclose any civil, criminal, or regulatory action in which the Children's Hospital/borrower/project sponsor, or any current board members (not including volunteer board members of non-profit entities), partners, limited liability corporation members, senior officers, or senior management personnel has been named a defendant in such action in the past ten years involving fraud or corruption, matters related to employment conditions (including, but not limited to wage claims, discrimination, or harassment), or matters involving health and safety where there are allegations of serious harm to employees, the public or the environment.

Response:

Disclosures should include civil or criminal cases filed in state or federal court; civil or criminal investigations by local, state, or federal law enforcement authorities; and enforcement proceedings or investigations by local, state or federal regulatory agencies. The information provided must include relevant dates, the nature of the allegation(s), complaint or filing, and the outcome.

NOTE: If Children's Hospitals Applying Jointly, please fill out Legal Status Questionnaire for each Children's Hospital.

AGREEMENT AND CERTIFICATION
For Designated Lead Grantee

The Chief Executive Officer, Chief Financial Officer or other authorized officer of the Children's Hospital on behalf of the Children's Hospital shall agree and certify to the following terms and conditions:

1. The information contained in the Application and attachments is true and correct to the best of its knowledge and belief and understands that any misrepresentation may result in the cancellation of a Grant and other actions permitted by law and the Grant Agreement.
2. Children's Hospital may be required to return all or a portion of the Grant including any unused interest earnings if the Children's Hospital fails to complete the Project as approved. In cases where the Grant will fund architect, design, or engineering fees or land acquisition costs as part of an approved Project, the Children's Hospital may be required to return all Grant funds and any unused interest earnings if the Authority cannot determine that the associated larger Project has been completed, based on timelines provided within the Application.
3. Grant funds will only be used for the Project described in the Application unless a change in the Project is approved in writing by the Authority.
4. The Project and financial records of the Children's Hospital's Project are subject to audit and inspection by the Authority and the California State Auditor.
5. Children's Hospital has disclosed all information requested by the Legal Status Questionnaire (Attachment A).
6. Children's Hospital will notify the Authority in writing at the time of Project completion with evidence of completion included.
7. Children's Hospital will provide all documents and information required by law and will meet all necessary requirements prior to the release of the Grant.
8. If Children's Hospital is a party to a Children's Hospital Applying Jointly Application, Children's Hospital accepts designation as Lead Grantee.

Name of Designated Lead Grantee Children's Hospital

By (Print Name)

Signature

Title

Date

AGREEMENT AND CERTIFICATION
For Children's Hospitals other than Designated Lead Grantee

The Chief Executive Officer, Chief Financial Officer or other authorized officer of the Co-Children's Hospital on behalf of the Co-Children's Hospital shall agree and certify to the following terms and conditions:

1. The information contained in the Application and attachments is true and correct to the best of its knowledge and belief and understands that any misrepresentation may result in the cancellation of a Grant and other actions permitted by law and the Grant Agreement.
2. Children's Hospital has disclosed all information requested by the Legal Status Questionnaire (Attachment A).
3. The Children's Hospital designates the Children's Hospital identified on Attachment B as Lead Grantee.

Name of Children's Hospital

By (Print Name)

Signature

Title

Date

NOTE: Each Additional Children's Hospital other than Designated Lead Grantee shall fill out Attachment C.