

**CALIFORNIA HEALTH FACILITIES FINANCING AUTHORITY
CHILDREN'S HOSPITAL PROGRAM OF 2008**

**FORM OF GRANT AGREEMENTS
Resolution No. CHP-3 2009-03
May 28, 2009**

BACKGROUND:

Section 7065 of the Children's Hospital Program of 2008 regulations¹ requires the terms and conditions of a grant to be set forth in a written grant agreement. To this end, staff is recommending the Authority approve two separate forms of grant agreements for the Children's Hospital Program of 2008, one designed for non-UC Children's Hospitals (Attachment B) and one designed for UC Children's Hospitals (Attachment C). Grant recipients will be required to execute these agreements as a condition of their award, as well as to execute a disbursement request form (form not attached to this packet) in order to receive funding.

Attachment A identifies the specific regulations which call for particular provisions to be included within the grant agreement. Attachment A also describes where the provision can be found within the grant agreements and the efforts staff has made to make sure the requirements are covered.

In addition to the grant provisions enumerated in the regulations, section 7065(n) of the regulations allows for the addition of any other provisions required by the Authority. The proposed grant agreements include provisions recommended by Authority counsel and incorporated into the existing grant agreements for the Children's Hospital Program of 2004.

In further accordance with Section 7065(n) and recent direction of the Authority Board, the proposed grant agreements adds Section 6.2 as follows:

- Section 6.2 - COMPLIANCE WITH CALIFORNIA LAW. Grantee shall comply with and be bound by all of the laws of the State of California.

These agreements will also contain added provisions relevant to the grantee's award, including dollar amount, description of grant project, and any special conditions as may apply to a particular grant.

¹ Staff anticipates Office of Administrative Law approval of these regulations in June 2009.

ATTACHMENTS:

Attachment A identifies relevant portions of the proposed 2008 regulations and where applicable provisions may be found within the grant agreements.

Attachment B is the proposed grant form to be used by the eight eligible non-University of California hospitals.

Attachment C is the proposed grant form to be used by the five eligible University of California hospitals.

RECOMMENDATION:

Staff recommends the Authority approve the proposed form of grant agreements for the Children's Hospital Program of 2008.

APPLICABLE REGULATIONS:

The following identifies the relevant regulations which call for specific provisions to be included within a grant agreement. Staff indicates how each section is fulfilled and where a particular provision may be found in the proposed grant agreements.

Section 7065. Grant Agreements

The terms and conditions of a Grant shall be set forth in a Grant Agreement, which shall include, but not be limited to, all of the following terms and conditions:

7065 (a) A Grant amount not greater than \$39.2 million (less Administrative Costs and Costs of Issuance) for University of California Children’s Hospitals or \$98 million (less Administrative Costs and Costs of Issuance) for all Non University of California Children’s Hospitals.

Grant award limits are not specifically mentioned in the agreements, rather, they are specifically referenced in a commitment letter forwarded by Authority staff to each grantee once grant awards are approved by the Authority Board.

7065 (b) Project Period.

Addressed in section 1.15: PROJECT PERIOD means the period beginning on the date of execution and delivery of this Agreement and ending on *[DATE SPECIFIED IN RESOLUTION]*, as such period may be extended upon the prior written approval of CHFFA pursuant to Section 7069(c) of the Regulations. Any written approval of CHFFA extending the Project Period shall become incorporated into this Agreement.

7065 (c) Disbursement procedures pursuant to Section 7066 or Section 7067, as applicable.

These provisions are both addressed in sections 5.1, 5.2, and 5.3.

7065 (d) A provision that any unused Grant funds and any unused investment earnings on such Grant funds shall revert to the Authority.

This provision is addressed in Section 5.2 – AMOUNT OF DISBURSEMENT. ... Any unused Grant funds and any unused investment earnings on such Grant funds shall revert to the Authority.

7065 (e) Agreement to comply with the Children’s Hospital Program of 2008 and these regulations.

Comparison: Regulations/Grant Agreement

This provision is addressed in Section 6.2 – COMPLY WITH THE REGULATIONS. Grantee shall comply with and be bound by Health and Safety Code Sections 1179.50, et. seq. and the Regulations. Grantee acknowledges that compliance with these statutes and regulations is Grantee's responsibility.

7065 (f) Agreement that the Grantee will defend, indemnify and hold harmless the Authority and the state, and all officers, trustees, agents and employees of the same, from and against any and all claims, losses, costs, damages, or liabilities of any kind or nature, whether direct or indirect, arising from or relating to the Grant, the Project or the Act.

This provision is addressed in Section 6.7 – INDEMNIFICATION. Grantee shall defend, indemnify and hold harmless CHFFA and the State, and all officers, trustees, agents and employees of the same, from and against any and all claims, losses, costs, damages, or liabilities of any kind or nature, whether direct or indirect, arising from or relating to the Grant, the Project or the Program. The provisions of this Section 6.7 shall survive termination of this Agreement.

7065 (g) Agreement to comply with state and federal laws outlawing discrimination, including, but not limited to those prohibiting discrimination because of sex, race, color, ancestry, religion, creed, national origin, physical disability (including HIV and AIDS), mental disability, medical condition (including cancer or genetic characteristics), sexual orientation, political affiliation, position in a labor dispute, age, marital status, and denial of statutorily-required employment-related leave.

This provision is addressed in Section 6.8 - NON-DISCRIMINATION CLAUSE. Grantee and its contractors and subcontractors shall not unlawfully discriminate, harass, or allow harassment against any employee or applicant for employment because of sex, race, color, ancestry, religion, creed, national origin, physical disability (including HIV and AIDS), mental disability, medical condition (cancer or genetic characteristics), sexual orientation, political affiliation, position in a labor dispute, age, marital status, and denial of statutorily-required employment-related leave. Grantee and its contractors and subcontractors shall insure that the evaluation and treatment of their employees and applicants for employment are free from such discrimination and harassment. Grantee and its contractors and subcontractors shall give written notice of their obligations under this clause to labor organizations with which they have a collective bargaining or other agreement.

7065 (h) Agreement that continued compliance with Children's Hospital Program of 2008 requirements is the Grantee's responsibility.

This section is addressed in Section 6.2 – COMPLY WITH THE REGULATIONS.
...Grantee acknowledges that compliance with these statutes and regulations is Grantee's responsibility.

7065 (i) Agreement that the Grant shall only be used for Projects as described in Grantee's Application Form and approved by the Authority.

This section is addressed as follows: in Section 7.1 - USE OF FUNDS. [Grantee further covenants that so long as this Agreement is in effect, Grantee will not without prior consent of CHFFA:] Use any Grant funds for purposes other than for the Project unless a change in the use of the Grant is approved in writing by CHFFA pursuant to Section 7064 of the Regulations.

Also, Section 1.14 provides the following definition: PROJECT means the project to be funded with the Grant as more specifically described in the Application, although the scope of the Project may be clarified in the Authority staff report accompanying the Resolution submitted to the Authority members.

7065 (j) Any audit provisions.

Addressed in Section 6.3 – AUDIT PROVISIONS AND RECORD REQUIREMENTS. The Grantee shall maintain satisfactory financial accounts, documents and records for the Project and Grantee acknowledges that pursuant to Section 7071 of the Regulations, the Bureau of State Audits and CHFFA staff may conduct periodic audits to ensure that Grantee is using the Grant consistent with the Children's Hospital Program of 2008 requirements and the terms of this Agreement for the Project.

7065 (k) Any provision necessary to ensure that interest on the bonds is tax-exempt.

This is not specifically mentioned in the Agreement, but Authority staff will work with applicants to identify and address any issues that may impact the tax-exempt status of the bonds.

7065 (l) Agreement that the Grantee will not dispose of any component of the Project before the end of useful life of that component of the Project.

This is addressed in Section 7.3: [Grantee further covenants that so long as this Agreement is in effect, Grantee will not without prior consent of CHFFA:] Dispose of Project or any part thereof before the end of the useful life of the Project.

7065 (m) Any provisions relating to lease agreements pursuant to Section 7068.

This is addressed in Section 3.4 – PROPERTY OWNERSHIP. Grantee holds good and marketable fee simple title to the real property underlying the Project (except for equipment

Comparison: Regulations/Grant Agreement

acquisitions projects). If any portion of the Project (except for equipment acquisition projects) is located on any real property leased by Grantee, Grantee has satisfied the requirements of Section 7068 of the Regulations.

7065 (n) Any other provisions required by the Authority.

The proposed grant agreements include the following additional provisions from the existing grant agreement (for the Children's Hospital Program of 2004) and as previously recommended by Authority counsel:

- A provision in Section 4.5 stating CHFFA will make only one disbursement every 90 days (but may allow more frequent disbursements at its discretion after consultation with the Grantee). This is a clarification of Section 7066(c) of the Regulations which states that funds shall be released on a periodic basis by establishing a specific timeframe for these disbursements. This will also aid staff administration of the Program by adding predictability of disbursements.
- A provision in Section 5.2 requiring each recipient to establish a bank account (or segregated sub-account) dedicated to grant expenditures, and to submit copies of statements for those bank accounts. This provision is included to monitor investment earnings. Per Section 7066(d) of the Regulations, investment earnings are to be deducted from periodic releases of Grant funds.
- A provision (in Section 6.4) establishing specific record requirements for Grantees purchasing equipment with Grant funds to assist with any future audits that may be conducted.
- A negative covenant has been included (Section 7.4) in the University of California grant agreement form stating that the Grantee will not allow private business use of the project without prior written consent of the Authority.

CALIFORNIA HEALTH FACILITIES FINANCING AUTHORITY

CHILDREN’S HOSPITAL PROGRAM OF 2008

GRANT AGREEMENT NUMBER CH__-__

[name of grantee:] CHILDREN’S HOSPITAL _____ (“____”)
[address:] _____, _____, CA 9_____

THIS AGREEMENT (the “Agreement”) IS MADE THIS ___ day of _____,
20___, between ___ (“Grantee”) and the California Health Facilities Financing Authority
(“CHFFA”).

RECITALS:

- A. Grantee has applied to CHFFA for a grant from the Children’s Hospital
Program of 2008 to fund the hereinafter defined Project.
B. CHFFA has determined that Grantee’s application for the grant meets the
eligibility criteria required by the hereinafter defined Regulations.
C. Subject to the availability of grant monies in the Program Fund, CHFFA
proposes to provide a grant of \$_____ (the "Grant") to Grantee in
consideration of, and on condition that the sum be expended in carrying
out the purposes of the Project from the hereinafter defined Program Fund
and on the terms and conditions contained herein.

PROJECT DESCRIPTION: To _____ located
_____.

Total Grant Amount not to exceed \$_____.

The following Specific Provisions as determined by the Authority are
made part of and incorporated into the Agreement:

- D. The purpose of this Agreement is to set forth the terms and conditions
upon which CHFFA will provide the Grant to Grantee to undertake the
Project.

NOW, THEREFORE, CHFFA and Grantee agree as follows:

ARTICLE I – DEFINITIONS

Section 1.1 – INTRODUCTION. Any capitalized terms used but not otherwise defined in this Agreement shall have the meaning set forth in the Regulations.

Section 1.2 – AGREEMENT means this Agreement, including any amendments hereto.

Section 1.3 – APPLICATION means Grantee's completed Application Form submitted to CHFFA dated _____, 20_ _, for a Requested Amount of \$_____ (incorporated herein by reference), including any supplemental project information requested by the Authority.

Section 1.4 – AUTHORITY or CHFFA means the California Health Facilities Financing Authority.

Section 1.5 – COMMITMENT LETTER means CHFFA's commitment letter dated _____, 20_ _ to Grantee relating to the Grant and attached hereto as Exhibit A (incorporated herein by reference).

Section 1.6 – DISBURSEMENT REQUEST means the request for disbursement of Grant funds executed by Grantee in the form attached hereto as Exhibit B.

Section 1.7 – ELIGIBLE COSTS means those costs of the Project set forth in Section E of the Application and as set forth in Exhibit E of this Agreement that meet the criteria defined in Section 7051 of the Regulations.

Section 1.8 – EXECUTIVE DIRECTOR means the Executive Director of CHFFA.

Section 1.9 – GRANT means the Grant (as defined in Section 7051(p) of the Regulations) of \$_____ to Grantee by CHFFA as evidenced by this Agreement.

Section 1.10 – GRANT DOCUMENTS means this Agreement, the Application, the Commitment Letter, and the Resolution, including any and all exhibits to such documents.

Section 1.11 – GRANTEE means *[name of grantee]*.

Section 1.12 – PROGRAM means the program resulting from the Children's Hospital Bond Act of 2008 (Part 6 (commencing with Section 1179.50), Division 1, Health and Safety Code), approved by voters on November 4, 2008.

Section 1.13 – PROGRAM FUND means the Children's Hospital Fund, as defined in Section 1179.20 of the Health and Safety Code.

Section 1.14 – PROJECT means the project to be funded with the Grant as more specifically described in the Application, although the scope of the Project may be clarified in the Authority staff report accompanying the Resolution submitted to the Authority members. The Project is more specifically defined in Exhibit E of this Agreement. The Authority may broaden the definition of the Project, at its discretion, if

it is determined that additional elements are needed to ensure that Project can provide its intended services. Any written approval of CHFFA to expand the Project shall become incorporated into this Agreement.

Section 1.15 – PROJECT PERIOD means the period beginning on the date of execution and delivery of this Agreement and ending on _____ [defined in Authority Resolution], as such period may be extended upon the prior written approval of CHFFA pursuant to Section 7069(c) of the Regulations. Any written approval of CHFFA extending the Project Period shall become incorporated into this Agreement.

Section 1.16 – REGULATIONS means The Children’s Hospital Program of 2008, Title 4, Division 10, Chapter 2 (commencing with Section 7051) of the California Code of Regulations, as such regulations may be amended from time to time.

Section 1.17 – RESOLUTION means Resolution CHP-3 20__-__ adopted by CHFFA on _____ approving a grant of \$_____ less the bond issuance and administrative costs to the Children’s Hospital _____ to complete eligible projects as described in the Children’s Hospital Program Application and Exhibit A to the Resolution within a project period that ends on _____ and attached hereto as Exhibit C.

ARTICLE II – DELEGATION OF AUTHORITY

Section 2.1 – Pursuant to the Resolution, the Executive Director is authorized to act for and on behalf and in the name of CHFFA, including, but not limited to:

- (a) taking all steps necessary with respect to the Grant to Grantee, including preparing and executing this Agreement and disbursing funds pursuant to this Agreement and the Regulations;
- (b) approving any minor, non-material changes in the Project as the Executive Director shall deem appropriate and authorized under the Regulations in his or her sole discretion (provided that the amount of the Grant may not be increased above the amount approved by CHFFA and contained in this Agreement);
- (c) drawing money from the Program Fund not to exceed the amount of the Grant;
- (d) executing and delivering to Grantee any and all documents necessary to complete the transfer of Grant funds; and
- (e) undertaking any and all things and executing and delivering any and all documents which the Executive Director deems necessary or advisable in order to effectuate the purposes of the Grant Documents and the transactions contemplated thereby.

ARTICLE III – REPRESENTATIONS AND WARRANTIES

Grantee makes the following representations and warranties to CHFFA as of the

date of execution of this Agreement and of the date of each disbursement of Grant funds to Grantee:

Section 3.1 – LEGAL STATUS. Grantee is a Children’s Hospital as defined in Section 7051(g)(2) of the Regulations that meets the eligibility requirements of Section 7052 of the Regulations and has full legal right, power and authority to enter into this Agreement and the other Grant Documents to which it is a party and to carry out and consummate all transactions contemplated hereby and by the other Grant Documents and by proper corporate action has duly authorized the execution, delivery and performance of this Agreement and the other Grant Documents to which it is a party. A true, correct and complete copy of the certified resolution of Grantee’s governing body authorizing the execution and delivery of this Agreement and the other Grant Documents to which it is a party is attached hereto as Exhibit D. Such resolution has not been amended, modified or rescinded in any manner since the date of its adoption and the same is now in full force and effect as of the date hereof.

Section 3.2 – VALID AND BINDING OBLIGATION. This Agreement has been duly authorized, executed and delivered by Grantee, and is a valid and binding agreement of Grantee, except as enforcement may be limited by bankruptcy, insolvency or other laws affecting the enforcement of creditors' rights generally and by the application of equitable principles.

Section 3.3 – PROJECT AND ELIGIBLE COSTS. The Project and the Eligible Costs relating to the Project meet the requirements of the Regulations, including the criteria contained in the definition of "Project" contained in Section 7051(ee) of the Regulations. If the Project involves funding architect, design, or engineering fees or land acquisition costs as part of an associated larger project, such larger project is expected to be completed within the timelines provided in the Application.

Section 3.4 – PROPERTY OWNERSHIP. Grantee holds good and marketable fee simple title to the real property underlying the Project (except for equipment acquisitions projects). If any portion of the Project (except for equipment acquisition projects) is located on any real property leased by Grantee, Grantee has satisfied the requirements of Section 7068 of the Regulations.

Section 3.5 – APPLICATION. To the best of Grantee’s knowledge and belief the information contained in the Application is true and correct. To the best of Grantee’s knowledge and belief no information, exhibit or report furnished to the Authority by Grantee in connection with the Application or the negotiation of this Agreement contains any untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

Section 3.6 – GRANT DOCUMENTS. Grantee has access to professional advice to the extent necessary to enable Grantee to fully comply with the terms of the Grant Documents.

ARTICLE IV - CONDITIONS PRECEDENT TO EACH DISBURSEMENT

The obligation of CHFFA to make each disbursement of Grant funds during the Project Period under this Agreement is subject to all of the following conditions:

Section 4.1 – DOCUMENTATION. This Agreement shall be fully executed and delivered by Grantee and CHFFA in form and substance satisfactory to CHFFA.

Section 4.2 – REPRESENTATIONS AND WARRANTIES. The representations and warranties contained in Article III of this Agreement are true and correct as of the date of such disbursement.

Section 4.3 – NO EVENT OF DEFAULT. There shall not exist an Event of Default under this Agreement, and there shall exist no event, omission or failure of condition, which, after notice or lapse of time, would constitute an Event of Default under this Agreement.

Section 4.4 – DISBURSEMENT REQUEST. Grantee shall have delivered to CHFFA a completed Disbursement Request relating to such disbursement in form and substance satisfactory to CHFFA.

Section 4.5 – FUNDING CONDITIONS. Grantee shall have met all applicable funding conditions in accordance with Sections 7057(d) and 7066 of the Regulations, the Commitment Letter, the Resolution and this Agreement. Grantee shall obtain prior written authorization from CHFFA to make changes in the eligible use of funds that exceed ten percent (10%) of the amount of any budget line item of Section E of the Application. Grantee acknowledges that CHFFA will make only one disbursement every 90 days. CHFFA may allow more frequent disbursements, at its discretion after consultation with the Grantee. Grantee memorializes the agreement and certification to the terms of Section 7057(d) (see Exhibit F of this Agreement) submitted with the Application, as executed by an authorized officer of the Applicant.

ARTICLE V – GRANT DISBURSEMENT PROCEDURES

Section 5.1 – DISBURSEMENT PROCESS AND ADDITIONAL ADVANCES. Grantee shall make Disbursement Requests to CHFFA for disbursement of Grant funds in accordance with the requirements of Articles IV and V of this Agreement at least thirty (30) business days before the date such funds are needed by Grantee. CHFFA will make only one disbursement every 90 days. CHFFA may allow more frequent disbursements, at its discretion after consultation with the Grantee. CHFFA shall use its best efforts to respond to a Disbursement Request within forty-five (45) days after the receipt of such Disbursement Request.

CHFFA shall notify Grantee in writing within seven (7) business days of any deficiencies or discrepancies in the Disbursement Request. Grantee shall not receive a disbursement until Grantee corrects any such deficiencies or discrepancies.

Section 5.2 – AMOUNT OF DISBURSEMENT. Grant funds shall be released upon receipt of Disbursement Requests made in accordance with Section 5.1 of this Agreement, which shall include credit for investment earnings on any previously released portion of the Grant pursuant to Section 7066(c) of the Regulations. Grant funds shall be disbursed up to the amount of the Grant authorized under this Agreement and only for Eligible Costs. Grantee shall establish a bank account to deposit the Grant funds and shall maintain this account for purposes of payments of Project expenditures. A segregated sub-account may be used provided that the bank statement allows for the accounting of the receipt and expenditure of Grant funds, and the interest earned from these funds, separately

from other funds in the account. Grantee shall submit copies of all bank statements for such account or subaccount to CHFFA. All interest earned from grant funds shall be paid to the Authority, either by direct payment or in reductions of future disbursements. At the end of the Project Period (inclusive of any extensions permitted by CHFFA per Section 7069(c) of the Regulations), any unused Grant funds revert to and shall be paid to the Authority.

Section 5.3 – DISBURSEMENT PERIOD. The initial disbursement request for Grant funds shall be made no later than six (6) months from date of execution and delivery of this Agreement, and all Grant disbursements shall be disbursed within the Project Period. In the event Grantee fails to complete the Project by the end of the Project Period (inclusive of any extensions permitted by CHFFA per Section 7069(c) of the Regulations), CHFFA may require remedies, including forfeiture and return of the Grant to CHFFA in accordance with the Regulations, including but not limited to Sections 7057(d)(2) and 7070 of the Regulations. In addition, if the Grant is funding architect, design, or engineering fees or land acquisition costs as part of the Project, Grantee may be required to return all Grant funds if CHFFA cannot determine that the associated larger Project has been completed, based on the timelines provided in the Application.

ARTICLE VI – AFFIRMATIVE COVENANTS

Section 6.1 – CERTIFICATE OF COMPLETION. Upon completion of the Project, Grantee shall certify to CHFFA that the Project is complete and, to the extent not already provided to CHFFA, shall provide to CHFFA the supporting documentation required by Section 7069 of the Regulations (the "Completion Certificate") to the satisfaction of CHFFA. Grantee shall also provide a final report to CHFFA that describes the result(s) of the Project and the completion of any associated larger project. If the Project (or any associated larger project) requires follow-up implementation actions, Grantee must submit information with the final report that describes how the implementation will take place. The final report should include information about any staffing, equipment, or other resources that will be needed for implementation, along with a projected timeline for completion of implementation actions. The Completion Certificate and the final report shall be completed and submitted to CHFFA no later than 30 days after completion of the Project.

Section 6.2 – COMPLIANCE WITH CALIFORNIA LAW. Grantee shall comply with and be bound by all of the laws of the State of California.

Section 6.3 – COMPLY WITH THE REGULATIONS. Grantee shall comply with and be bound by Health and Safety Code Sections 1179.50, et. seq. and the Regulations. Grantee acknowledges that compliance with these statutes and regulations is Grantee's responsibility.

Section 6.4 – AUDIT PROVISIONS AND RECORD REQUIREMENTS. The Grantee shall maintain satisfactory financial accounts, documents and records for the Project and Grantee acknowledges that pursuant to Section 7071 of the Regulations the Bureau of State Audits and CHFFA staff may conduct periodic audits to ensure that Grantee is using the Grant consistent with the Children's Hospital Program of 2008

requirements and the terms of this Agreement for the Project. Grantee shall retain all Children's Hospital Program of 2008 documentation and financial data necessary to substantiate the purposes for which the Grant funds were spent for a period of three years after the certification of completion of the Project has been submitted to CHFFA or until June 30, 2020, whichever is later. Equipment records shall be maintained accurately and shall include a description of the equipment, manufacturer's serial number, model number, or other identification number, source of funding for the equipment, including the award number, acquisition date, unit acquisition cost, current location, and ultimate disposition data, including date of disposal.

Section 6.5 – LITIGATION. Grantee shall promptly give notice in writing to CHFFA of any pending or threatened administrative action or litigation related to the Project in which the amount claimed is in excess of twenty five thousand dollars (\$25,000).

Section 6.6 – NOTICE TO CHFFA. Grantee shall promptly give notice in writing to CHFFA of any uninsured or partially uninsured loss related to the Project through fire, theft, liability, or otherwise in excess of an aggregate of twenty five thousand dollars (\$25,000).

Section. 6.7 – RELEASE. Grantee shall waive all claims and recourse against CHFFA including the right to contribution for loss or damage to persons or property arising from, growing out of, or in any way connected with or incident to this Agreement, Grantee's use of the Grant funds, Grantee's business operations, or the Project. The provisions of this Section 6.6 shall survive termination of this Agreement.

Section 6.8 – INDEMNIFICATION. Grantee shall defend, indemnify and hold harmless CHFFA and the State, and all officers, trustees, agents and employees of the same, from and against any and all claims, losses, costs, damages, or liabilities of any kind or nature, whether direct or indirect, arising from or relating to the Grant, the Project or the Program. The provisions of this Section 6.7 shall survive termination of this Agreement.

Section 6.9 – NON-DISCRIMINATION CLAUSE. Grantee and its contractors and subcontractors shall not unlawfully discriminate, harass, or allow harassment against any employee or applicant for employment because of sex, race, color, ancestry, religion, creed, national origin, physical disability (including HIV and AIDS), mental disability, medical condition (cancer or genetic characteristics), sexual orientation, political affiliation, position in a labor dispute, age, marital status, and denial of statutorily-required employment-related leave. Grantee and its contractors and subcontractors shall insure that the evaluation and treatment of their employees and applicants for employment are free from such discrimination and harassment. Grantee and its contractors and subcontractors shall give written notice of their obligations under this clause to labor organizations with which they have a collective bargaining or other agreement.

Section 6.10 – PROJECT COMPLETION. The Grantee shall assume any obligation to furnish any additional funds that may be necessary to complete the Project.

Section 6.11 – PAYMENT OF RENT. If any portion of the Project (except for equipment acquisition projects) is located on any real property leased by Grantee, Grantee shall budget for payment of rent each year (unless Grantee pays a nominal yearly rent or has paid full rent under the lease agreement).

ARTICLE VII - NEGATIVE COVENANTS

Grantee further covenants that so long as this Agreement is in effect, Grantee will not without prior consent of CHFFA:

Section 7.1 – USE OF FUNDS. Use any Grant funds for purposes other than for the Project unless a change in the use of the Grant is approved in writing by CHFFA pursuant to Section 7064 of the Regulations.

Section 7.2 – CHANGE IN PROJECT. Make any changes to the Project as described in the Application or any of the Grant Documents.

Section 7.3 – DISPOSE OF PROJECT. Dispose of Project or any part thereof before the end of the useful life of the Project. Any determination of the useful life of a Project shall be based upon the values contained in the most recent edition of a publication generally accepted by the hospital industry (such as the American Hospital Association publication entitled "Estimated Useful Lives of Depreciable Hospital Assets") for the year that the Project was put into service.

ARTICLE VIII – DEFAULT AND REMEDIES

Section 8.1 – EVENTS OF DEFAULT. Each of the following shall constitute an Event of Default under this Agreement:

- (a) If any representation or warranty made by Grantee, or anyone acting on its behalf, hereunder or under any of the other Grant Documents shall prove to be incorrect in any material respect;
- (b) Grantee's failure to perform any term or condition of this Agreement or any of the other Grant Documents or comply with any other agreements between Grantee and CHFFA relating to this Project;
- (c) Any substantial or continuous breach by Grantee of any material obligations of Grantee imposed by any agreements other than the Grant Documents with respect to the Project; or
- (d) If at any time the Executive Director or CHFFA determines the use of Grant funds was not consistent with the Children's Hospital Program of 2008 requirements pursuant to Section 7070 of the Regulations; or
- (e) If any portion of the Project (except for equipment acquisition projects) is located on any real property leased by Grantee and the lease agreement terminates prior to the end of the useful life of the Project under the Grant and the property that was subject to the lease agreement is not simultaneously re-leased under a new lease agreement that complies with

the requirements of Section 7068 of the Regulations or fee title to the property that was subject to the lease agreement is not simultaneously transferred to the Children's Hospital.

Section 8.2 – NOTICE OF GRANTEE'S DEFAULT AND OPPORTUNITY TO CURE.

(a) Grantee shall provide written notice to CHFFA of any Event of Default by specifying: (1) the nature of the event or deficiency giving rise to the Event of Default, (2) the action required to cure the Event of Default, if an action to cure is possible, and (3) a date, which shall not be less than thirty (30) calendar days from the mailing of the notice, by which such action to cure must be taken, if an action to cure is possible, provided, however, except with respect to a monetary Event of Default, so long as Grantee has commenced to cure within such time, then Grantee shall have a reasonable period thereafter within which to fully cure the Event of Default.

(b) CHFFA shall give written notice to Grantee of any Event of Default by specifying: (1) the nature of the event or deficiency giving rise to the Event of Default, (2) the action required to cure the Event of Default, if an action to cure is possible, and (3) a date, which shall not be less than thirty (30) calendar days from the mailing of the notice, by which such action to cure must be taken, if an action to cure is possible, provided, however, except with respect to a monetary Event of Default, so long as Grantee has commenced to cure within such time, then Grantee shall have a reasonable period thereafter within which to fully cure the Event of Default.

Section 8.3 – REMEDIES. If an Event of Default has occurred and is continuing, CHFFA shall have the right to pursue remedies in accordance with Section 7070 of the Regulations and to take any other actions in law or in equity to enforce performance and observance of any obligation, agreement or covenant of Grantee under this Agreement.

ARTICLE IX – MISCELLANEOUS

Section 9.1 – AMENDMENTS. This Agreement may be amended, changed or modified in a writing signed by Grantee and CHFFA.

Section 9.2 – ENTIRE AGREEMENT. This Agreement, together with all agreements and documents incorporated by reference herein, constitutes the entire agreement of the parties and is not subject to modification, amendment, qualification or limitation except as expressly provided herein.

Section 9.3 – NOTICES. Unless otherwise expressly specified or permitted by the terms hereof, all notices, consents or other communications required or permitted hereunder shall be deemed sufficiently given or served if given in writing, mailed by first-class mail, postage prepaid and addressed as follows:

(i) If to Grantee:

Attention: *[name, title]*

(ii) If to the Authority:

California Health Facilities
Financing Authority
915 Capitol Mall, Suite 590
Sacramento, California 95814
Attention: Executive Director

Section 9.4 – COUNTERPARTS. This Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute one instrument.

Section 9.5 – GOVERNING LAW, VENUE. This Agreement shall be construed in accordance with and governed by the Constitution and laws of the State of California applicable to contracts made and performed in the State of California. This Agreement shall be enforceable in the State of California and any action arising hereunder shall (unless waived by the Authority) be filed and maintained in Sacramento County, Sacramento, California.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed in day and year first hereinabove written.

GRANTEE:
[grantee name]

By: _____
[Contact Name, Contact Title]

CALIFORNIA HEALTH FACILITIES
FINANCING AUTHORITY:

By: _____
Executive Director

Exhibit A
COMMITMENT LETTER

Exhibit B

DISBURSEMENT REQUEST FOR GRANT FUNDS

[date]

California Health Facilities Financing Authority (“CHFFA”)
915 Capitol Mall, Suite 590
Sacramento, CA 95814

RE: Request for Disbursement of Grant funds of *[grantee name]* (“Grantee”) under that certain Grant Agreement, dated *[INSERT DATE]*, between CHFFA and Grantee (the “Grant Agreement”)

[Contact Name, Contact Title] requests the following disbursement of \$_____ of proceeds from CHFFA as allowed by the Grant Documents and certifies and attests to the following:

- a. To whom payments shall be made. *[Payments from CHFFA to Grantee shall be directed to the attention of [name , title, department] or other designated individual at Grantee’s address.]*
- b. The purpose(s) for which such payment is to be made, including all that apply:
 - 1) For all Projects with the exception of equipment acquisition projects, Grantee hereby certifies that all supporting documentation that was incomplete with the Application Form has been finalized and submitted to CHFFA and that a copy of the executed construction contract and the building permit has been provided to CHFFA.
 - 2) For Projects that include architect, design and engineering fees to be paid with Grant funds, Grantee hereby certifies that all applicable executed architect, design and engineering contracts have been provided to CHFFA.
 - 3) For real property acquisition Projects, Grantee hereby certifies that a copy of the executed purchase and sale agreement and a copy of an appraisal, the appraised value of which (when added to the amount of reasonable transaction and closing costs) shall not be less than the sum of the Grant and all other funding sources necessary to acquire the Project has been provided to CHFFA. Grantee hereby also certifies that the appraisal provided to CHFFA was no older than six months and was completed by a state certified appraiser.

- 4) For equipment acquisition Projects, Grantee hereby certifies that all supporting documentation that was incomplete with the Application Form has been finalized and submitted to CHFFA and that Grantee has provided to CHFFA a list of items to be purchased and all purchase orders.
- 5) Grantee hereby certifies that all other funds, if needed, are in place to complete the Project. The source of these funds, and the dollar amount of those other funds are as follows:

- 6) Grantee hereby certifies that it holds good and marketable fee simple title to the real property underlying the Project (except for equipment acquisitions projects). If any portion of the Project (except for equipment acquisition projects) is located on any real property leased by Grantee, Grantee hereby certifies that it has satisfied the requirements of Section 7068 of the Regulations.
 - 7) Grantee hereby certifies that it has executed and delivered to CHFFA the Grant Agreement.
 - 8) Grantee hereby certifies that it has complied with or is exempt from the requirements of the California Environmental Quality Act and any other applicable governmental codes applicable to the Project.
- c. The amount to be paid.
 - d. The date by which funds are needed.
 - e. Grantee represents and warrants that Grantee has not exceeded that maximum allowable amount of disbursement of Grant funds as provided in the Grant Agreement. If Grantee intends to change the eligible use of funds that exceed ten percent (10%) of any budget line item of Section E of Grantee's Application, Grantee shall request written authorization as an attachment to this Disbursement Request.
 - f. Grantee represents and warrants that each disbursement mentioned herein is for an Eligible Cost as defined in the Grant Agreement.
 - g. Grantee represents and warrants that each obligation mentioned herein has been properly incurred and is a proper charge against the Grant.
 - h. Grantee represents and warrants that none of the items for which payment is requested has been previously paid by the Grant.

- i. Grantee represents and warrants that each item for which payment is requested is or was necessary in connection with the Project.
- j. Grantee represents and warrants that it has complied with the requirements of Article IV of the Grant Agreement relating to this disbursement of Grant funds.

GRANTEE:

[name of grantee]

By: _____
Contact Name, Contact Title

Exhibit C
RESOLUTION

Exhibit D

CERTIFIED RESOLUTION OF GRANTEE'S GOVERNING BOARD

Exhibit E
PROJECT DESCRIPTION

The Project Description, as described in Exhibit A to the Authority's _____
Resolution No. 200_-__ is as follows:

Attached to this Exhibit E as Attachment E-1 are Grantee's response to Section C (Project Description), Section D (Project Readiness and Feasibility), and Section E (Sources and Uses of Funds) of the Grant Application, which includes *[e.g. a listing of construction & consulting costs, engineering fees, and equipment, furnishings]* totaling \$_____. *[if applicable:]* Also attached as Attachment E-2 is a listing, prepared by Authority staff, of \$_____ of ineligible expenditures, resulting in net eligible expenditures of \$_____ (less costs of issuance).

EXHIBIT F

Section 7057 (d) Agreement and Certification.

Within the Application Form and as memorialized in a separate Grant Agreement, the Chief Executive Officer, Chief Financial Officer or other authorized officer of the Applicant, on behalf of the Applicant, shall agree and certify to the following terms and conditions as a requirement of receiving any Grant:

- (1) The information contained in the Application Form 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) Applicant may be required to return all or a portion of the Grant including any unused investment earnings if the Applicant 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 Applicant may be required to return all Grant funds and any unused investment earnings if the Authority cannot determine that the associated larger Project has been completed, based on timelines provided within the Application Form.
- (3) Grant funds will only be used for the Project described in the Application Form unless a change in the Project is approved in writing by the Authority pursuant to Section 7064.
- (4) The Project and financial records of the Applicant's Project are subject to audit and inspection by the Authority and the Bureau of State Audits.
- (5) Applicant has disclosed all information requested by the legal status questionnaire.
- (6) Applicant will notify the Authority in writing at the time of Project completion with evidence of completion included.
- (7) Applicant will provide all documents and information required by law and meet all necessary requirements prior to the release of the Grant.

CALIFORNIA HEALTH FACILITIES FINANCING AUTHORITY

CHILDREN’S HOSPITAL PROGRAM

GRANT AGREEMENT NUMBER UC__-01

UNIVERSITY OF CALIFORNIA _____ MEDICAL CENTER (“UC__”)
[ADDRESS]: _____

THIS AGREEMENT (the “Agreement”) IS MADE THIS ___ day of _____, 20__
_, between UC__ (“Grantee”) and the California Health Facilities Financing Authority
 (“CHFFA”).

RECITALS:

- E. Grantee has applied to CHFFA for a grant from the Children’s Hospital Program to fund the hereinafter defined Project.
- F. CHFFA has determined that Grantee’s application for the grant meets the eligibility criteria required by the hereinafter defined Regulations.
- G. Subject to the availability of grant monies in the Program Fund, CHFFA proposes to provide a grant of \$_____ (the "Grant") to Grantee in consideration of, and on condition that the sum be expended in carrying out the purposes of the Project from the hereinafter defined Program Fund and on the terms and conditions contained herein.

PROJECT DESCRIPTION: The proceeds of the grant will be used by UC__ to finance or refinance the cost of construction of healthcare facilities located at _____.

Total Grant Amount not to exceed \$_____.

The following Specific Provisions as determined by CHFFA are made part of and incorporated into the Agreement:

- H. The purpose of this Agreement is to set forth the terms and conditions upon which CHFFA will provide the Grant to Grantee to undertake the Project.

NOW, THEREFORE, CHFFA and Grantee agree as follows:

ARTICLE I – DEFINITIONS

Section 1.1 – INTRODUCTION. Any capitalized terms used but not otherwise defined in this Agreement shall have the meaning set forth in the Regulations.

Section 1.2 – AGREEMENT means this Agreement, including any amendments hereto.

Section 1.3 – APPLICATION means Grantee's completed Application Form submitted to CHFFA, dated _____, 200_ (incorporated herein by reference), including any supplemental project information requested by the Authority.

Section 1.4 – AUTHORITY or CHFFA means the California Health Facilities Financing Authority.

Section 1.5 – COMMITMENT LETTER means CHFFA's commitment letter dated _____, 200_ to Grantee relating to the Grant and attached hereto as Exhibit A (incorporated herein by reference).

Section 1.6 – DISBURSEMENT REQUEST means the request for disbursement of Grant funds executed by Grantee in the form attached hereto as Exhibit B.

Section 1.7 – ELIGIBLE COSTS means those costs of the Project set forth in Section E of the Application and as set forth in Exhibit E of this Agreement that meet the criteria defined in Section 7051 of the Regulations.

Section 1.8 – EXECUTIVE DIRECTOR means the Executive Director or Deputy Executive Director of CHFFA.

Section 1.9 – GRANT means the Grant (as defined in Section 7051(p) of the Regulations) of \$_____ to Grantee by CHFFA as evidenced by this Agreement.

Section 1.10 – GRANT DOCUMENTS means this Agreement, the Application, the Commitment Letter, and the Resolution, including any and all exhibits to such documents.

Section 1.11 – GRANTEE means [the _____ Children's Hospital at the University of California _____ ("_____"), [the University of California _____ Medical Center ("UC_ _ Medical Center", of which _____[Children's Hospital] is a part)], [the University of California _____ ("UC_ _", an entity of which UC_ _ Medical Center is a part)], an entity governed by the Regents of the University of California ("Regents"), or the Regents. For purposes of this grant agreement, [_____Children's Hospital,] [the UC_ _ Medical Center], [UC_ _], and the Regents are individually and collectively a single entity.

Section 1.12 – PROGRAM means the program resulting from the Children’s Hospital Bond Act of 2008 (Part 6 (commencing with Section 1179.50), Division 1, Health and Safety Code), approved by voters on November 4, 2008.

Section 1.13 – PROGRAM FUND means the Children’s Hospital Fund, as defined in Section 1179.20 of the Health and Safety Code.

Section 1.14 – PROJECT means the project to be funded with the Grant as more specifically described in the Application, although the scope of the Project may be clarified in the Authority staff report accompanying the Resolution submitted to the Authority members. The Project is more specifically defined in Exhibit E of this Agreement. The Authority may broaden the definition of the Project, at its discretion, if it is determined that additional elements are needed to ensure that the Project can provide its intended services. Any written approval of CHFFA to expand the Project shall become incorporated into this Agreement.

Section 1.15 – PROJECT PERIOD means the period beginning on the date of execution and delivery of this Agreement and ending on _____, as such period may be extended upon the prior written approval of CHFFA pursuant to Section 7069(c) of the Regulations. Any written approval of CHFFA extending the Project Period shall become incorporated into this Agreement.

Section 1.16 – REGULATIONS means The Children’s Hospital Program, Title 4, Division 10, Chapter 2 (commencing with Section 7051) of the California Code of Regulations, as such regulations may be amended from time to time.

Section 1.17 – RESOLUTION means Resolution CHP 20__ - __ adopted by CHFFA on _____, 20__ approving a grant of \$_____ less the bond issuance and administrative costs to the University of California _____ Medical Center to complete eligible projects as described in the Children’s Hospital Program Application and Exhibit A to the Resolution within a project period that ends on _____ and attached hereto as Exhibit C.

ARTICLE II – DELEGATION OF AUTHORITY

Section 2.1 – Pursuant to the Resolution, the Executive Director is authorized to act for and on behalf and in the name of CHFFA, including, but not limited to:

- (f) taking all steps necessary with respect to the Grant to Grantee, including preparing and executing this Agreement and disbursing funds pursuant to this Agreement and the Regulations;
- (g) approving any minor, non-material changes in the Project as the Executive Director shall deem appropriate and authorized under the Regulations in his or her sole discretion (provided that the amount of the Grant may not be increased above the amount approved by CHFFA and contained in this Agreement);

- (h) drawing money from the Program Fund not to exceed the amount of the Grant;
- (i) executing and delivering to Grantee any and all documents necessary to complete the transfer of Grant funds; and
- (j) undertaking any and all things and executing and delivering any and all documents which the Executive Director deems necessary or advisable in order to effectuate the purposes of the Grant Documents and the transactions contemplated thereby.

ARTICLE III – REPRESENTATIONS AND WARRANTIES

Grantee makes the following representations and warranties to CHFFA as of the date of execution of this Agreement and of the date of each disbursement of Grant funds to Grantee:

Section 3.1 – LEGAL STATUS. Grantee is a Children’s Hospital as defined in Section 7051(g)(2) of the Regulations that meets the eligibility requirements of Section 7052 of the Regulations and has full legal right, power and authority to enter into this Agreement and the other Grant Documents to which it is a party and to carry out and consummate all transactions contemplated hereby and by the other Grant Documents and by proper corporate action has duly authorized the execution, delivery and performance of this Agreement and the other Grant Documents to which it is a party. A true, correct and complete copy of the certified resolution of Grantee’s governing body authorizing the execution and delivery of this Agreement and the other Grant Documents to which it is a party is attached hereto as Exhibit D. Such resolution has not been amended, modified or rescinded in any manner since the date of its adoption and the same is now in full force and effect as of the date hereof.

Section 3.2 – VALID AND BINDING OBLIGATION. This Agreement has been duly authorized, executed and delivered by Grantee, and is a valid and binding agreement of Grantee, except as enforcement may be limited by bankruptcy, insolvency or other laws affecting the enforcement of creditors' rights generally and by the application of equitable principles.

Section 3.3 – PROJECT AND ELIGIBLE COSTS. The Project and the Eligible Costs relating to the Project meet the requirements of the Regulations, including the definition of "Project" contained in Section 7051(ee) of the Regulations. If the Project involves funding architect, design, or engineering fees or land acquisition costs as part of an associated larger project, such larger project is expected to be completed within the timelines provided in the Application.

Section 3.4 – PROPERTY OWNERSHIP. Unless the project is an equipment acquisition project (in which case this Section 3.4 of the Agreement is inapplicable), Grantee either (a) holds good and marketable fee simple title to the real property underlying the Project or (b) has satisfied the requirements of Section 7068 of the Regulations.

Section 3.5 – APPLICATION. To the best of Grantee’s knowledge and belief, the information contained in the Application is true and correct. To the best of Grantee’s knowledge and belief, no information, exhibit or report furnished to the Authority by

Grantee in connection with the Application or the negotiation of this Agreement contains any untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

Section 3.6 – GRANT DOCUMENTS. Grantee has access to professional advice to the extent necessary to enable Grantee to fully comply with the terms of the Grant Documents.

ARTICLE IV - CONDITIONS PRECEDENT TO EACH DISBURSEMENT

The obligation of CHFFA to make each disbursement of Grant funds during the Project Period under this Agreement is subject to all of the following conditions:

Section 4.1 – DOCUMENTATION. This Agreement shall be fully executed and delivered by Grantee and CHFFA in form and substance satisfactory to CHFFA.

Section 4.2 – REPRESENTATIONS AND WARRANTIES. The representations and warranties contained in Article III of this Agreement are true and correct as of the date of such disbursement.

Section 4.3 – NO EVENT OF DEFAULT. There shall not exist an Event of Default under this Agreement, and there shall exist no event, omission or failure of condition, which, after notice or lapse of time, would constitute an Event of Default under this Agreement.

Section 4.4 – DISBURSEMENT REQUEST. Grantee shall have delivered to CHFFA a completed Disbursement Request relating to such disbursement in form and substance satisfactory to CHFFA.

Section 4.5 – FUNDING CONDITIONS. Grantee shall have met all applicable funding conditions in accordance with Sections 7057(d) and 7066 of the Regulations, the Commitment Letter, the Resolution and this Agreement. Grantee shall obtain prior written authorization from CHFFA to make changes in the eligible use of funds that exceed ten percent (10%) of the amount of any budget line item of Section E of the Application. Grantee acknowledges that CHFFA will make only one disbursement every 90 days. CHFFA may allow more frequent disbursements, at its discretion after consultation with the Grantee. Grantee memorializes the agreement and certification to the terms of Section 7057(d) (see Exhibit F of this Agreement) submitted with the Application, as executed by an authorized officer of the Applicant.

ARTICLE V – GRANT DISBURSEMENT PROCEDURES

Section 5.1 – DISBURSEMENT PROCESS AND ADDITIONAL ADVANCES. Grantee shall make Disbursement Requests to CHFFA for disbursement of Grant funds in accordance with the requirements of Articles IV and V of this Agreement at least thirty (30) days before the date such funds are needed by Grantee. CHFFA will make only one disbursement every 90 days. CHFFA may allow more frequent disbursements, at its discretion after consultation with the Grantee. CHFFA shall use its best efforts to respond to a Disbursement Request within forty-five (45) days after the receipt of such Disbursement Request.

Within seven (7) business days receipt of a Disbursement Request, CHFFA shall notify Grantee in writing of any deficiencies or discrepancies in such Disbursement Request. Grantee shall not receive a disbursement until Grantee corrects any such deficiencies or discrepancies.

Section 5.2 – AMOUNT OF DISBURSEMENT. Grant funds shall be released upon receipt of Disbursement Requests made in accordance with Section 5.1 of this Agreement, which shall include credit for investment earnings on any previously released portion of the Grant pursuant to Section 7066(c) of the Regulations. Grant funds shall be disbursed up to the amount of the Grant authorized under this Agreement and only for Eligible Costs. Grantee shall establish a bank account to deposit the Grant funds and shall maintain this account for purposes of payments of Project expenditures. A segregated sub-account may be used provided that the bank statement allows for the accounting of the receipt and expenditure of Grant funds, and the interest earned from these funds, separately from other funds in the account. Grantee shall submit copies of all bank statements for such account or subaccount to CHFFA. All interest earned from grant funds shall be paid to the Authority, either by direct payment or in reductions of future disbursements. At the end of the Project Period (inclusive of any extensions permitted by CHFFA per Section 7069(c) of the Regulations), any unused Grant funds revert to and shall be paid to the Authority.

Section 5.3 – DISBURSEMENT PERIOD. The initial disbursement request for Grant funds shall be made no later than six (6) months from date of execution and delivery of this Agreement, and all Grant disbursements shall be disbursed within the Project Period. In the event Grantee fails to complete the Project by the end of the Project Period (inclusive of any extensions permitted by CHFFA per Section 7069(c) of the Regulations), CHFFA may require remedies, including forfeiture and return of Grant funds to CHFFA in accordance with the Regulations, including but not limited to Sections 7057(d)(2) and 7070 of the Regulations. In addition, if the Grant is funding architect, design, or engineering fees or land acquisition costs as part of the Project, Grantee may be required to return all Grant funds if CHFFA cannot determine that the associated larger project has been completed, based on the timelines provided in the Application.

ARTICLE VI – AFFIRMATIVE COVENANTS

Section 6.1 – CERTIFICATE OF COMPLETION. Upon completion of the Project, Grantee shall certify to CHFFA that the Project is complete and, to the extent not already provided to CHFFA, shall provide to CHFFA the supporting documentation required by Section 7069 of the Regulations (the "Completion Certificate") to the satisfaction of CHFFA. Grantee shall also provide a final report to CHFFA that describes the result(s) of the Project and the completion of any associated larger project. If the Project (or any associated larger project) requires follow-up implementation actions, Grantee must submit information with the final report that describes how the implementation will take place. The final report should include information about any staffing, equipment, or other resources that will be needed for implementation, along with a projected timeline for completion of implementation actions. The Completion Certificate and the final report shall be completed and submitted to CHFFA no later than 30 days after completion of the Project.

Section 6.2 – COMPLIANCE WITH CALIFORNIA LAW. Grantee shall comply with and be bound by all of the laws of the State of California.

Section 6.3 – COMPLY WITH THE REGULATIONS. Grantee shall comply with and be bound by Health and Safety Code Sections 1179.50, et. seq. and the Regulations. Grantee acknowledges that compliance with these statutes and regulations is Grantee's responsibility.

Section 6.4 – AUDIT PROVISIONS AND RECORD REQUIREMENTS. The Grantee shall maintain satisfactory financial accounts, documents and records for the Project and Grantee acknowledges that pursuant to Section 7071 of the Regulations the Bureau of State Audits and CHFFA staff may conduct periodic audits to ensure that Grantee is using the Grant consistent with the Children's Hospital Program of 2008 requirements and the terms of this Agreement for the Project. Grantee shall retain all Children's Hospital Program of 2008 documentation and financial data necessary to substantiate the purposes for which the Grant funds were spent for a period of three years after the certification of completion of the Project has been submitted to CHFFA or until June 30, 2020, whichever is later. Equipment records shall be maintained accurately and shall include a description of the equipment, manufacturer's serial number, model number, or other identification number, source of funding for the equipment, including the award number, acquisition date, unit acquisition cost, current location, and ultimate disposition data, including date of disposal.

Section 6.5 – LITIGATION. Grantee shall promptly give notice in writing to CHFFA of any pending or threatened administrative action or litigation related to the Project in which the amount claimed is in excess of twenty five thousand dollars (\$25,000).

Section 6.6 – NOTICE TO CHFFA. Grantee shall promptly give notice in writing to CHFFA of any uninsured or partially uninsured loss related to the Project through fire, theft, liability, or otherwise in excess of an aggregate of twenty five thousand dollars (\$25,000).

Section. 6.7 – RELEASE. Grantee shall waive all claims and recourse against CHFFA including the right to contribution for loss or damage to persons or property arising from, growing out of, or in any way connected with or incident to this Agreement, Grantee's use of the Grant funds, Grantee's business operations, or the Project. The provisions of this Section 6.6 shall survive termination of this Agreement.

Section 6.8 – INDEMNIFICATION. Grantee shall defend, indemnify and hold harmless CHFFA and the State, and all officers, trustees, agents and employees of the same, from and against any and all claims, losses, costs, damages, or liabilities of any kind or nature, whether direct or indirect, arising from or relating to the Grant, the Project or the Program. The provisions of this Section 6.7 shall survive termination of this Agreement.

Section 6.9 – NON-DISCRIMINATION CLAUSE. Grantee and its contractors and subcontractors shall not unlawfully discriminate, harass, or allow harassment against any employee or applicant for employment because of sex, race, color, ancestry, religion, creed, national origin, physical disability (including HIV and AIDS), mental disability, medical condition (cancer or genetic characteristics), sexual orientation, political affiliation, position in a labor dispute, age, marital status, and denial of statutorily-required employment-related leave. Grantee and its contractors and subcontractors shall insure that the evaluation and treatment of their employees and applicants for employment are free from such discrimination and harassment. Grantee and its contractors and subcontractors shall give written notice of their obligations under this clause to labor organizations with which they have a collective bargaining or other agreement.

Section 6.10 – PROJECT COMPLETION. The Grantee shall assume any obligation to furnish any additional funds that may be necessary to complete the Project.

Section 6.11 – PAYMENT OF RENT. If any portion of the Project (except for equipment acquisition projects) is located on any real property leased by Grantee, Grantee shall budget for payment of rent each year (unless Grantee pays a nominal yearly rent or has paid full rent under the lease agreement).

ARTICLE VII - NEGATIVE COVENANTS

Grantee further covenants that so long as this Agreement is in effect, Grantee will not without prior consent of CHFFA:

Section 7.1 – USE OF FUNDS. Use any Grant funds for purposes other than for the Project unless a change in the use of the Grant is approved in writing by CHFFA pursuant to Section 7064 of the Regulations.

Section 7.2 – CHANGE IN PROJECT. Make any changes to the Project as described in the Application or any of the Grant Documents.

Section 7.3 – DISPOSE OF PROJECT. Dispose of Project or any part thereof before the end of the useful life of the Project. Any determination of the useful life of a Project shall be based upon the values contained in the most recent edition of a publication generally accepted by the hospital industry (such as the American Hospital Association publication entitled "Estimated Useful Lives of Depreciable Hospital Assets") for the year that the Project was put into service.

Section 7.4 – PRIVATE BUSINESS USE OF PROJECT. Allow any portion of the Project to be used in the trade or business of any entity other than (a) the Grantee or (b) the State of California or any instrumentality or political subdivision thereof during the period commencing on the date this Agreement goes into effect and ending 25 years after the date this Agreement goes into effect. This covenant shall survive the termination of this Agreement. Private business use may arise from leasing or transferring ownership of the Project or any portion of the Project, from entering into a management contract or research contract with respect to the Project or any portion of the Project, or otherwise entering into an arrangement that provides special legal entitlement for beneficial use of the Project or any portion of the Project. However, private business use of the Project does not arise from use of the Project or any portion of the Project as a member of the general public on the same basis as natural persons not engaged in a trade or business nor does private business use of the Project arise from use of the Project pursuant to a management contract or research contract meeting the requirements of Revenue Procedure 97-13 or 97-14, respectively, or other use approved by the Internal Revenue Service.

ARTICLE VIII – DEFAULT AND REMEDIES

Section 8.1 – EVENTS OF DEFAULT. Each of the following shall constitute an Event of Default under this Agreement:

- (f) If any representation or warranty made by Grantee, or anyone acting on its behalf, hereunder or under any of the other Grant Documents shall prove to be incorrect in any material respect;
- (g) Grantee's failure to perform any term or condition of this Agreement or any of the other Grant Documents or comply with any other agreements between Grantee and CHFFA relating to this Project;
- (h) Any substantial or continuous breach by Grantee of any material obligations of Grantee imposed by any agreements other than the Grant Documents with respect to the Project; or
- (i) If at any time the Executive Director or CHFFA determines the use of Grant funds was not consistent with the Children's Hospital Program requirements pursuant to Section 7070 of the Regulations.
- (j) If any portion of the Project (except for equipment acquisition projects) is located on any real property leased by Grantee and the lease agreement terminates prior to the end of the useful life of the Project under the Grant and the property that was subject to the lease agreement is not simultaneously re-leased under a new lease agreement that complies with

the requirements of Section 7068 of the Regulations or fee title to the property that was subject to the lease agreement is not simultaneously transferred to the Children's Hospital.

Section 8.2 – NOTICE OF GRANTEE'S DEFAULT AND OPPORTUNITY TO CURE.

(a) Grantee shall provide written notice to CHFFA of any Event of Default by specifying: (1) the nature of the event or deficiency giving rise to the Event of Default, (2) the action required to cure the Event of Default, if an action to cure is possible, and (3) a date, which shall not be less than thirty (30) calendar days from the mailing of the notice, by which such action to cure must be taken, if an action to cure is possible, provided, however, except with respect to a monetary Event of Default, so long as Grantee has commenced to cure within such time, then Grantee shall have a reasonable period thereafter within which to fully cure the Event of Default.

(b) CHFFA shall give written notice to Grantee of any Event of Default by specifying: (1) the nature of the event or deficiency giving rise to the Event of Default, (2) the action required to cure the Event of Default, if an action to cure is possible, and (3) a date, which shall not be less than thirty (30) calendar days from the mailing of the notice, by which such action to cure must be taken, if an action to cure is possible, provided, however, except with respect to a monetary Event of Default, so long as Grantee has commenced to cure within such time, then Grantee shall have a reasonable period thereafter within which to fully cure the Event of Default.

Section 8.3 – REMEDIES. If an Event of Default has occurred and is continuing, CHFFA shall have the right to pursue remedies in accordance with Section 7070 of the Regulations and to take any other actions in law or in equity to enforce performance and observance of any obligation, agreement or covenant of Grantee under this Agreement.

ARTICLE IX – MISCELLANEOUS

Section 9.1 – AMENDMENTS. This Agreement may be amended, changed or modified in a writing signed by Grantee and CHFFA.

Section 9.2 – ENTIRE AGREEMENT. This Agreement, together with all agreements and documents incorporated by reference herein, constitutes the entire agreement of the parties and is not subject to modification, amendment, qualification or limitation except as expressly provided herein.

Section 9.3 – NOTICES. Unless otherwise expressly specified or permitted by the terms hereof, all notices, consents or other communications required or permitted hereunder shall be deemed sufficiently given or served if given in writing, mailed by first-class mail, postage prepaid and addressed as follows:

(i) If to Grantee:

University of California _____ Medical Center

Attention: *[name:]*_____,*[title:]*_____

(ii) If to the Authority:

California Health Facilities
Financing Authority
915 Capitol Mall, Suite 590
Sacramento, California 95814
Attention: Executive Director

Section 9.4 – COUNTERPARTS. This Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute one instrument.

Section 9.5 – GOVERNING LAW, VENUE. This Agreement shall be construed in accordance with and governed by the Constitution and laws of the State of California applicable to contracts made and performed in the State of California. This Agreement shall be enforceable in the State of California and any action arising hereunder shall (unless waived by the Authority) be filed and maintained in Sacramento County, Sacramento, California.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed in day and year first hereinabove written.

GRANTEE:
UNIVERSITY OF CALIFORNIA _____ MEDICAL CENTER

By:_____

[name], [title]

CALIFORNIA HEALTH FACILITIES
FINANCING AUTHORITY:

By:_____

Executive Director

Exhibit A
COMMITMENT LETTER

Exhibit B

DISBURSEMENT REQUEST FOR GRANT FUNDS

[date]

California Health Facilities Financing Authority (“CHFFA”)
915 Capitol Mall, Suite 590
Sacramento, CA 95814

RE: Request for Disbursement of Grant funds of UNIVERSITY OF CALIFORNIA
_____ MEDICAL CENTER (“Grantee”) under that certain Grant
Agreement, dated _____, 20_, between CHFFA and Grantee (the “Grant
Agreement”)

[name, title], requests the following disbursement of \$_____ of proceeds
from CHFFA as allowed by the Grant Documents and certifies and attests to the
following:

k. To whom payments shall be made. Payments from CHFFA to Grantee
shall be directed to the wiring address as follows:

Bank Routing No.: ABA# _____
Bank Account No.: _____
Bank Name: _____
Beneficiary Name: _____

l. The purpose(s) for which such payment is to be made, including all that
apply:

- 1) For all Projects with the exception of equipment acquisition projects,
Grantee hereby certifies that all supporting documentation that was
incomplete with the Application Form has been finalized and
submitted to CHFFA and that a copy of the executed construction
contract and the building permit has been provided to CHFFA.
- 2) For Projects that include architect, design and engineering fees to be
paid with Grant funds, Grantee hereby certifies that all applicable
executed architect, design and engineering contracts have been
provided to CHFFA.
- 3) For real property acquisition Projects, Grantee hereby certifies that a
copy of the executed purchase and sale agreement and a copy of an

appraisal, the appraised value of which (when added to the amount of reasonable transaction and closing costs) shall not be less than the sum of the Grant and all other funding sources necessary to acquire the Project has been provided to CHFFA. Grantee hereby also certifies that the appraisal provided to CHFFA was no older than six months and was completed by a state certified appraiser.

- 4) For equipment acquisition Projects, Grantee hereby certifies that all supporting documentation that was incomplete with the Application Form has been finalized and submitted to CHFFA and that Grantee has provided to CHFFA a list of items to be purchased and all purchase orders.

- 6) Grantee hereby certifies that all other funds, if needed, are in place to complete the Project. The source of these funds, and the dollar amount of those other funds are as follows:

- 6) Grantee hereby certifies that it holds good and marketable fee simple title to the real property underlying the Project (except for equipment acquisitions projects). If any portion of the Project (except for equipment acquisition projects) is located on any real property leased by Grantee, Grantee hereby certifies that it has satisfied the requirements of Section 7068 of the Regulations.

 - 7) Grantee hereby certifies that it has executed and delivered to CHFFA the Grant Agreement.

 - 8) Grantee hereby certifies that it has complied with or is exempt from the requirements of the California Environmental Quality Act and any other applicable governmental codes applicable to the Project.
- m. The amount to be paid.
 - n. The date by which funds are needed.
 - o. Grantee represents and warrants that Grantee has not exceeded that maximum allowable amount of disbursement of Grant funds as provided in the Grant Agreement. If Grantee intends to change the eligible use of funds that exceed ten percent (10%) of any budget line item of Section E

of Grantee's Application, Grantee shall request written authorization as an attachment to this Disbursement Request.

- p. Grantee represents and warrants that each disbursement mentioned herein is for an Eligible Cost as defined in the Grant Agreement.
- q. Grantee represents and warrants that each obligation mentioned herein has been properly incurred and is a proper charge against the Grant.
- r. Grantee represents and warrants that none of the items for which payment is requested has been previously paid by the Grant.
- s. Grantee represents and warrants that each item for which payment is requested is or was necessary in connection with the Project.
- t. Grantee represents and warrants that it has complied with the requirements of Article IV of the Grant Agreement relating to this disbursement of Grant funds.

GRANTEE:
UNIVERSITY OF CALIFORNIA _____ MEDICAL CENTER

By: _____

[name,

title]

Exhibit C
RESOLUTION

Exhibit D

CERTIFIED RESOLUTION OF GRANTEE'S GOVERNING BOARD

Exhibit E
PROJECT DESCRIPTION

Exhibit F

Section 7057 (d) Agreement and Certification.

Within the Application Form and as memorialized in a separate Grant Agreement, the Chief Executive Officer, Chief Financial Officer or other authorized officer of the Applicant, on behalf of the Applicant, shall agree and certify to the following terms and conditions as a requirement of receiving any Grant:

- (1) The information contained in the Application Form 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) Applicant may be required to return all or a portion of the Grant including any unused investment earnings if the Applicant 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 Applicant may be required to return all Grant funds and any unused investment earnings if the Authority cannot determine that the associated larger Project has been completed, based on timelines provided within the Application Form.
- (3) Grant funds will only be used for the Project described in the Application Form unless a change in the Project is approved in writing by the Authority pursuant to Section 7064.
- (4) The Project and financial records of the Applicant's Project are subject to audit and inspection by the Authority and the Bureau of State Audits.
- (5) Applicant has disclosed all information requested by the legal status questionnaire.
- (6) Applicant will notify the Authority in writing at the time of Project completion with evidence of completion included.
- (7) Applicant will provide all documents and information required by law and meet all necessary requirements prior to the release of the Grant.