

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

**STAFF SUMMARY**

<b>Applicant:</b> Lucile Salter Packard Children's Hospital at Stanford 725 Welch Road Palo Alto, California 94304-1601 Santa Clara County	<b>Grant Number:</b> LPCH-02 <b>Authority Meeting Date:</b> May 24, 2018 <b>Resolution Number:</b> CHP 2018-02 <b>Total Recommended Amount:</b> \$944,551
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**Project Sites:** Same as above.

**Description of Applicant:** Lucile Salter Packard Children's Hospital at Stanford is a non-profit 501(c)(3) general acute care hospital.

**Summary of Project:** Lucile Salter Packard Children's Hospital at Stanford ("LPCH" or the "Hospital") is seeking grant funds to reimburse the Hospital for costs that exceeded the Children's Hospital Program of 2008 (Proposition 3) grant award amount for the construction of the new two five-story patient tower building to expand its hospital operations.

**Proposition 61 Evaluation Factors:**<sup>1</sup> Based on the review of the application and other submitted materials, staff evaluated LPCH's project using the factors identified in Proposition 61.

*Factor 1: The grant will contribute toward expansion or improvement of health care access by children eligible for governmental health insurance programs and indigent, underserved, and uninsured children:*  
The expansion has allowed LPCH to address the growing need for specialized pediatric care, the shortage of patient beds, and seismic requirements. The expansion has also allowed the Hospital to reduce patient wait times for an MRI by half, increase capacity and outpatient services, perform approximately 500 cardiac surgeries per year and serve a population that is approximately 43% Medi-Cal. Included in the expansion are 149 beds with a 95 net increase in licensed beds, six new operating rooms, two nuclear medicine rooms, three cardiac catheterization labs, an interventional room and a family resource center.

*Factor 2: The grant will contribute toward the improvement of child health care or pediatric patient outcomes:*  
The new hospital building significantly increased the number of private rooms, which significantly reduces patient moves from semi-private to private rooms, improves patient care, helps with infection control, and allows families to assist patients in recovering. The new main building also incorporates evidence-based improvements to the design, which increases efficiencies to service delivery and leads to an improved care and healing experience for patients and their families.

*Factor 3. Demonstration of project readiness and project feasibility:*  
The new main building was completed and opened in December 2017 and is now serving patients.

<b>Sources and Uses of Funds:</b>			
<u>Sources of Funds</u>		<u>Uses of Funds</u>	
CHFFA Prop 3 Grant Funds	\$ 98,000,000	Construction	\$ 1,187,000,000
CHFFA Prop 61 Grant Funds	944,551	Equipment	148,000,000
Bonds	830,000,000	On-Site Utilities	26,000,000
Fundraising	258,000,000	Entitlements	22,000,000
Board Designated Funds	200,000,000	Road Infrastructure	17,000,000
Hospital Funds	14,055,449	Other	1,000,000
<b>Total Sources</b>	<b>\$ 1,401,000,000</b>	<b>Total Uses</b>	<b>\$ 1,401,000,000</b>

**Legal Review:** No information was disclosed to question the financial viability or legal integrity of the applicant.

**Staff Recommendation:** Staff recommends the Authority approve Resolution No. CHP 2018-02 for Lucile Salter Packard Children's Hospital at Stanford to provide a grant not to exceed \$944,551 and subject to all requirements of the Children's Hospital Program of 2004.

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

## RESOLUTION NO. CHP 2018-02

### RESOLUTION OF THE CALIFORNIA HEALTH FACILITIES FINANCING AUTHORITY APPROVING EXECUTION AND DELIVERY OF GRANT FUNDING UNDER THE CHILDREN'S HOSPITAL BOND ACT OF 2004 TO LUCILE SALTER PACKARD CHILDREN'S HOSPITAL AT STANFORD

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

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

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

Section 1. The Authority hereby approves a grant of \$944,551 to the Grantee to complete the Project as described in the Children's Hospital Program Application and Exhibit A to this Resolution (Exhibit A is hereby incorporated by reference) within a project period that ends on May 24, 2019.

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

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

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

Section 5. This Resolution expires May 24, 2019.

Date Approved: \_\_\_\_\_

## **EXHIBIT A**

### **PROJECT DESCRIPTION**

The proceeds of the grant will be used by Lucile Salter Packard Children's Hospital at Stanford to reimburse the costs that exceeded the Children's Hospital Program of 2008 (Proposition 3) grant award amount for the construction of the new two five-story patient tower building to expand its hospital operations.