

**CALIFORNIA HEALTH FACILITIES FINANCING AUTHORITY (“CHFFA”)
Children’s Hospital Program of 2008 (Proposition 3)**

Resolution No. CHP-3 2018-04

June 28, 2018

Applicant: University of California, Irvine Medical Center
101 The City Drive South
Orange, CA 92868
Orange County

Project Site: South side of Jamboree Road, Irvine, CA (Intersection: Campus Drive and Jamboree Road)

Amount Requested: **Proposition 3:** \$29,284,802 Grant # UCI-02-03

| Summary of Grant Amounts | Proposition 3 |
|---|---------------|
| Eligible Amount | \$39,200,000 |
| less previous awards | (9,915,198) |
| less requested amount | (29,284,802) |
| Remaining Amount Eligible (if requested amount is approved) | \$0 |

Project:

The University of California, Irvine Medical Center (“UCIMC” or the “Hospital”) is requesting funds to construct, equip, and furnish a new two-story building to operate the Center for Child Health (“CCH”). Construction of the new CCH will enable the Hospital to consolidate four different services into a single location. The first floor of the facility will house pediatric primary care services and pediatric subspecialty clinics. The second floor will house ambulatory pediatric rehabilitation services as well as the Center for Autism.

Sources of Funds:

| | |
|--------------------------|-----------------------------|
| Prop 3 Request | \$ 29,284,802 |
| Prop 61 Request | 128,121 |
| Applicant Internal Funds | <u>3,120,465</u> |
| Total | <u>\$ 32,533,388</u> |

Uses of Funds:

| | |
|---------------------|-----------------------------|
| Construction | 31,165,000 |
| Equipment | 1,200,000 |
| Grant COI and Admin | <u>168,388</u> |
| Total | <u>\$ 32,533,388</u> |

Staff Recommendation:

Staff recommends the Authority approve Resolution No. CHP-3 2018-04 for the University of California, Irvine Medical Center to provide a grant not to exceed \$29,284,802 (less issuance and administrative costs), subject to all requirements of the Children’s Hospital Program of 2008.

Proposition 3 Evaluation Factors:

Staff evaluated the Hospital's project through review of the application and other submitted materials using the six factors identified in Proposition 3 and summarized the three project-specific factors below¹.

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:

Over the past three fiscal years (FY 14/15 – FY16/17), the total number of patients in need of pediatric outpatient care at UCIMC has increased by an average of more than two percent. According to the Hospital, the need for pediatric services will continue to grow. The CCH will enable the Hospital to accommodate this increase as well as provide new services to its community, for example rehabilitation.

Construction of a new two-story CCH will enable the Hospital to consolidate four different services into a single location, which according to the Hospital would improve timely access to pediatric primary care providers with specialists in behavioral medicine, pediatric subspecialties, and case managers experienced in the transition to adult care. The new CCH will expand and improve access to comprehensive, patient-centered, high quality, and highly coordinated services through increased capacity, improved efficiencies, and advanced patient flow. Below are the four services that will be included in the CCH:

Pediatric Primary Care: CCH will improve access to the Hospital's primary care services by adding an additional location to the Hospital's existing three primary care facilities.

Rehabilitation/Simulation: CCH will also add a new service, an ambulatory Pediatric Rehabilitation service line that provides ambulatory speech therapy and rehabilitation services to pediatric patients with congenital or acquired amputation. According to the Hospital, ambulatory pediatric rehabilitation services are in high demand in Orange County with current waitlists at other locations that serve the Medi-Cal population being six months or longer.

Pediatric Subspecialty Clinics: The pediatric subspecialty clinics will relocate into the CCH. These clinics provide multispecialty care the following area: such as, cardiac disease, and sports medicine, respiratory medicine, endocrine disorders, genetics, gender diversity and neurology. The consolidation of multispecialty clinics enables the Hospital to provide efficient medical services for patients who have chronic conditions.

The Center for Autism: The Hospital will be relocating its Center for Autism into the CCH to continue to provide specialized care to its underserved patient population and will have access to the full range of physicians and specialists within the CCH. The Center provides a wide range of clinical services designed to benefit children with autism and other neurodevelopmental disorders from all of Orange County and beyond.

¹ Staff also ensured that the Hospital met an additional three evaluation factors that are not project specific but specific to the hospital, which include:

1. The Hospital provides uncompensated or undercompensated care to indigent or public pediatric patients.
2. The Hospital provides services to vulnerable pediatric populations.
3. The Hospital promotes pediatric teaching or research programs.

Factor 2: The grant will contribute toward the improvement of child health care or pediatric patient outcomes:

The CCH will bring outpatient services together under one roof facilitating efficiencies in utilizing resources and essential improvements in health care and patient outcomes. Families will no longer need to visit multiple locations to have all of a child's special health care needs met. By having primary care services serve as the foundation that coordinates all other specialty services for the patient in the CCH, it will prevent the need for emergency room services and hospitalizations.

Children with chronic diseases, disabilities and injuries requiring longer-term care normally comprise the largest cost in pediatric care. According to the Hospital, there are large populations of non-English-speaking patients with severely limited financial resources in UCIMC's neighboring cities of Santa Ana, Anaheim, and Garden Grove. The CCH will be able to keep the resources together for the children requiring systematic care, including effective rehabilitation and the transition to adult care to prevent the repeated and often unnecessary hospitalizations and redundant visits to primary care provider and specialists.

Additionally, consolidating all pediatric services at the CCH will enable significant savings on the costs currently associated with care delivery and prevent unnecessary hospitalization for patients.

Factor 3: Demonstration of project readiness and project feasibility:

In April 2018, the Hospital obtained project and budget approval from the University of California Office of the President. Construction is anticipated to start in June 2020 and to be completed by December 2021.

Description of Applicant:

UCIMC is a general acute care hospital with a current license from the California Department of Public Health. The Hospital is part of the University of California system, which is governed by the Board of Regents of the University of California. The Hospital's audited financial statements for the Fiscal Year ending June 30, 2017 were submitted and are free of "going concern" language².

² The absence of "going concern" language tends to suggest the organization is in good operational health for that FY. The Authority's regulations define "Going Concern Qualification" in sections 7030(n) and 7051(n) for Proposition 61 and Proposition 3, respectively.

RESOLUTION NO. CHP-3 2018-04

**RESOLUTION OF THE CALIFORNIA HEALTH
FACILITIES FINANCING AUTHORITY APPROVING
EXECUTION AND DELIVERY OF GRANT FUNDING
UNDER THE CHILDREN’S HOSPITAL BOND ACT OF 2008
TO UNIVERSITY OF CALIFORNIA, IRVINE MEDICAL CENTER**

WHEREAS, the California Health Facilities Financing Authority (the “Authority”), a public instrumentality of the State of California, is authorized by the Children’s Hospital Bond Act of 2008 (Pt. 6.1 (commencing with Section 1179.50), Div. 1, Health and Safety Code; hereafter the “Act”) and implementing regulations to award grants from the proceeds of general obligation bonds in an amount not to exceed \$39,200,000.00 less the bond issuance and administrative costs to University of California, Irvine Medical Center (“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 \$29,284,802.00, less bond issuance and administrative costs, 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 \$29,284,802.00, less bond issuance and administrative costs, 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 December 31, 2022.

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 (2008) 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 December 31, 2022.

Date Approved: _____

EXHIBIT A

PROJECT DESCRIPTION

The proceeds of the grant will be used by University of California, Irvine Medical Center to construct, furnish and equip a new two-story building to operate the Center for Child Health that will house pediatric primary care services, pediatric subspecialty clinics, ambulatory pediatric rehabilitation services, and the Center for Autism.