

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

Resolution No. CHP-3 2018-05

June 28, 2018

Applicant: University of California, Los Angeles Medical Center
Mattel Children’s Hospital
757 Westwood Plaza, Suite 1320
Los Angeles, CA 90095
Los Angeles County

Project Sites: UCLA Mattel Children’s Hospital UCLA Medical Center & Orthopaedic Hospital
757 Westwood Plaza 1250 16th Street
Los Angeles, CA 90095 Santa Monica, CA 90404

Amount Requested: **Proposition 3:** \$14,200,000.00 Grant # UCLA-02-03

Summary of Grant Amounts	Proposition 3
Eligible Amount	\$39,200,000
less previous awards	(25,000,000)
less requested amount	(14,200,000)
Remaining Amount Eligible (if requested amount is approved)	\$0

Project:
University of California, Los Angeles Medical Center (the “Medical Center”) is seeking grant funds to reimburse the cost of neonatal and pediatric patient care equipment for Santa Monica - UCLA Medical Center and Orthopaedic Hospital (the “Santa Monica facility”) and for UCLA Mattel Children’s Hospital, and the expansion of the fifth floor neonatal intensive care unit (“NICU”) of UCLA Mattel Children’s Hospital (“Mattel”), along with related NICU patient care equipment and information technology (“IT”) systems. Neonatal patient care equipment to be purchased include, but are not limited to, a breast milk system, overhead exam/surgical lights, bladder scanner, and neonatal transport system. Pediatric patient care equipment to be purchased include, but are not limited to, a vital sign and pulse oximetry machine, otoscopes, and ultrasound systems. NICU IT related systems include the installation of a nurse call system and extension of an infant abduction security system.

Sources and Uses of Funds:

<u>Sources of Funds:</u>		<u>Uses of Funds:</u>	
Prop 3 Request	\$14,200,000.00	Construction	\$9,400,000.00
Prop 61 Request	128,121.00	Equipment	7,237,911.65
Internal Funds	<u>2,391,440.65</u>	Prop 3 COI and Admin	<u>81,650.00</u>
Total	<u>\$16,719,561.65</u>	Total	<u>\$16,719,561.65</u>

Staff Recommendation:

Staff recommends that the Authority approve Resolution No. CHP-3 2018-05 for University of California, Los Angeles Medical Center to receive a grant not to exceed \$14,200,000.00, less costs of issuance and administrative costs, subject to all requirements of the Children’s Hospital Bond Act 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:

NICU Expansion

Neonatology faculty and fellows at Mattel provide care in the NICU for all neonates requiring tertiary and quaternary level care who reside in the Greater Los Angeles area and the surrounding regions, regardless of their insurance status. Presently, Mattel's NICU is operating near licensed bed capacity with an average daily census of 20 patients in calendar years 2016 and 2017, which translates to a 90% occupancy rate of the existing 22 beds. The proposed expansion of the NICU will increase Mattel's NICU bed capacity by six beds, or 27%, and expand the overall NICU capacity on the west side of Los Angeles by 10.7%, resulting in enhanced access to Mattel for government insured, indigent, and underserved neonates throughout Southern California.

Breast Milk System

The new breast milk system functions as a breast milk inventory system and will improve the efficiency in the delivery of breast milk to pediatric patients. The system tracks and traces the entire preparation and feeding processes. The breast milk system improves access to the Santa Monica facility's most vulnerable patient populations by its ability to save time and instill confidence in feedings, and minimize formula costs.

Neonatal Transport System

The neonatal transport system simulates the environment of a NICU and permits uninterrupted care during a neonate's journey by road or air ambulance. Current infant transport systems weigh more than 200 pounds and present a challenge to vehicle operators in terms of weight, manual handling, crashworthiness, and power consumption. This particular transport system will increase access for vulnerable pediatric populations by providing neonates secure, safe transport in a temperature controlled environment.

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

NICU Expansion

The proposed NICU expansion will improve neonatal outcomes by introducing private and semi-private spaces in the unit, which are an important accommodation to offer families to aid in effective palliative care, parent education breastfeeding consultation, and care transitions. Setting families up for success at home with teaching throughout their time at Mattel may reduce the overall length of stay and may decrease chances of readmission. In calendar year 2017, the Hospital's NICU admitted

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.

132 neonate transfers from various community hospitals. Increasing the capacity of the unit will enhance access to tertiary and quaternary neonatal care, thereby improving clinical outcomes for the most vulnerable neonates.

Ultrasound System

The UCLA Fetal Cardiology Program currently uses a seven-year-old ultrasound with outdated technology and limitations on its resolution. In order to deliver expert fetal cardiac evaluation, it is essential that this ultrasound machine be updated to the latest technology. The latest technology will increase the ability of making a congenital heart disease diagnosis prenatally, thus improving patient outcomes.

Nurse Call System

The Hospital plans on replacing its existing nurse call system and adding the nurse call system to the NICU expansion, which will fulfill the latest Office of Statewide Health Planning and Development requirements. NICUs are required to have a Code Blue switch as well as a staff emergency switch, which this nurse call system will provide. This system will improve patient safety by delivering proactive alerts about the patient, room, and bed status directly to caregivers in real-time, which will improve patient outcomes.

Factor 3: Demonstration of project readiness and project feasibility:

A minority of the patient care equipment has already been purchased, and the remaining equipment will be purchased within 12 months following Authority approval of grant funding.

Expansion of the fifth floor NICU is expected to be in the preliminary planning phase in January 2019. Construction is expected to begin in October 2020 and be completed in September 2021. Equipment related to the NICU expansion project is expected to be installed between September and October 2021. The NICU expansion is expected to be licensed and operational by December 2021.

Legal Review:

No information was disclosed to question the financial viability or legal integrity of the Applicant.

Description of Applicant:

The Medical Center is a part of the University of California system, which is governed by the Board of Regents of the University of California. Mattel and the Santa Monica facility are general acute care hospitals which serve the pediatric population with a current license from the Department of Public Health. The Medical Center's audit for fiscal year ("FY") 2017 (year ending June 30) was submitted and is free of "going concern" language.²

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 section 7051(n) for Proposition 3.

RESOLUTION NO. CHP-3 2018-05

**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, LOS ANGELES 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 the University of California, Los Angeles 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 \$14,200,000.00, 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 \$14,200,000.00, 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, Los Angeles Medical Center Mattel Children's Hospital to reimburse the cost of patient care equipment at UCLA Mattel Children's Hospital ("Mattel") and Santa Monica – UCLA Medical Center and Orthopaedic Hospital, information technology ("IT") systems, and expansion of the fifth floor neonatal intensive care unit at Mattel. A list of the patient care equipment and IT related systems were included in the application.