

CALIFORNIA HEALTH FACILITIES FINANCING AUTHORITY (Authority)

Children's Hospital Program of 2004 (Proposition 61)

Children's Hospital Program of 2008 (Proposition 3)

Amendments to Resolution Numbers CHP 2018-05 and CHP-3 2018-04

University of California, Irvine Medical Center

June 25, 2020

PURPOSE OF THE REQUEST:

The University of California, Irvine Medical Center (Hospital) is requesting the Authority approve amendments to Resolution Numbers CHP 2018-05 and CHP-3 2018-04 to amend the project descriptions, extend the project period expiration dates from December 31, 2022 to December 31, 2023, and extend the resolution expiration dates from December 31, 2022 to December 31, 2024.

BACKGROUND:

At the June 28, 2018 board meeting, the Authority approved Resolution Numbers CHP 2018-05 and CHP-3 2018-04 awarding grants to the Hospital in the amounts of \$128,121 under Proposition 61 and \$29,284,802 under Proposition 3 to fund the construction, furnishing and equipping of a new stand-alone, two-story pediatric medical office building to operate the Center for Child Health (CCH). The grant amounts approved were the amounts remaining from the Hospital's designated maximum allocations under Propositions 61 and 3. For the 2018 approved project, the Hospital also allocated \$3,120,465 of its own internal funds to fund the project. As initially proposed, the CCH would have consolidated four different pediatric services (pediatric primary care services, pediatric subspecialty clinics, ambulatory pediatric rehabilitation services, and the Center for Autism) in one single location.

ISSUE:

As the Hospital was beginning to implement its project, it re-evaluated its continuum of care and in order to better address clinical needs and to make the most efficient use of the site, it determined that it had a need to expand its project that was initially dedicated only to pediatric services to include adult medical services as well.

The Hospital is requesting to amend the project description from funding a stand-alone two-story pediatric building to funding the eligible pediatric portions in a five-story mixed-use Medical Office Building (MOB) that also will include adult primary and secondary medical services, shared services for adults and children, and shell space for future expansion. The building will be organized with the CCH that will house the four different pediatric services initially approved by the Authority on the first and second floors, along with shared services, including urgent care, laboratory and radiology. Adult primary and secondary medical services will be located on the third floor, with shell space for future clinical expansion on the fourth floor. The fifth floor will provide shell space intended for future development into administration offices.

The initial project was approximately 33,150 gross square feet (gsf), while the new proposed project is a total of approximately 168,500 gsf, of which 42,374 gsf is dedicated solely to pediatric services. The shell space in the expanded project totals approximately 64,400 gsf, providing flexibility for growth of the clinical and administrative functions. In addition, a parking structure with up to 800 spaces is being developed to serve the larger building.

The total cost of the project has increased from approximately \$32 million to approximately \$221 million. Since the new expanded project provides medical services to both pediatric and adult patients, grant proceeds can only cover a proportionate share of the entire cost of the project. The CCH area, dedicated solely to pediatric services, is approximately 42,374 gsf (including public and support spaces). Authority staff has determined that a proportionate share of approximately 25% of the total cost of the project, excluding site development and parking structure costs, is eligible for reimbursement from grant funds. The total amount of the Hospital’s eligible proportionate pediatric share cost is estimated to be approximately \$33,897,000, higher than the amount of grant funds awarded.

Authority staff evaluated the Hospital’s proposed expanded project and determined that it continues to meet the requirements of the Children’s Hospital Programs of 2004 and 2008 regulations. In addition, the Hospital has provided documentation demonstrating that it has sufficient internal funds to cover the cost of the entire project. According to the updated project timeline, the Hospital anticipates that the project will be completed by December 31, 2022.

The University of California Board of Regents’ meeting on May 19, 2020 included a discussion of the financial impact of the COVID-19 pandemic from a system-wide standpoint. As a result, the Hospital reassessed its finances and determined to move forward with the proposed project amendment.

<u>Sources and Funds:</u>		<u>Uses of Funds:</u>	
Prop 3 Request	\$ 29,284,802	Construction	\$ 220,045,000
Prop 61 Request	128,121	Equipment	1,200,000
Hospital Internal Funds	<u>192,000,465</u>	Grant COI and Admin	<u>168,388</u>
Total	<u>\$ 221,413,388</u>	Total	<u>\$ 221,413,388</u>

RECOMMENDATION:

Staff recommends the Authority approve amendments to Resolution Numbers CHP 2018-05 and CHP-3 2018-04 to amend the project descriptions, extend the project period expiration dates to December 31, 2023, and extend the resolution expiration dates to December 31, 2024.

AMENDMENT TO RESOLUTION NO. CHP 2018-05

**RESOLUTION OF THE CALIFORNIA HEALTH
FACILITIES FINANCING AUTHORITY APPROVING
EXECUTION AND DELIVERY OF GRANT FUNDING
UNDER THE CHILDREN’S HOSPITAL PROGRAM OF 2004**

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 the allocation amounts listed in Exhibit A (Exhibit A is hereby incorporated by reference) and to the hospitals listed in Exhibit A (“Grantees”) to finance eligible projects; and

WHEREAS, Authority staff reviewed the Grantees’ applications against the eligibility requirements of the Act and implementing regulations and, pursuant to the Act and implementing regulations, recommends approval of the grant amounts in allocation amounts not to exceed those listed in Exhibit A to the Grantees for the eligible project descriptions listed in Exhibit A (the “Projects”) described in the applications;

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

Section 1. The Authority hereby approves grants in the allocation amounts listed in Exhibit A to the Grantees to complete the Projects as described in the Children’s Hospital Program Applications and Exhibit A to this Resolution within project periods that end on the dates listed in Exhibit A.

Section 2. The Executive Director and the Deputy Executive Director ~~is~~ are hereby authorized for and on behalf of the Authority, to approve any minor, non-material changes in the Projects described in the applications submitted to the Authority and extend the project period completion dates 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 Grantees shall indicate that the Authority shall not be liable to the Grantees in any manner whatsoever should such funding not be completed for any reason whatsoever.

Section 3. The Executive Director and the Deputy Executive Director ~~is~~ are 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 Grantees. The Executive Director and the Deputy Executive Director ~~is~~ are further authorized and directed, for and on behalf of the Authority, to execute and deliver to the Grantees 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 and the Deputy Executive Director of the Authority ~~is~~ are hereby authorized and directed to do any and all things and to execute and deliver any and all documents which the Executive Director and the Deputy 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~~ 2024.

Date Approved: _____

EXHIBIT A

Grant #	Grantee	Project Description	Allocation Amount	Project Period Completion Date
CHLA-02	Children's Hospital Los Angeles	To reimburse the purchase of clinical care equipment: Diagnostic X-ray Equipment; Motorized Surgery Equipment Boom, Lights & Monitors; and CT Scanner.	\$944,551	June 30, 2019
CHO-07	Children's Hospital & Research Center at Oakland	To reimburse the purchase of various equipment including: Ventilators, an Ultrasound System, Pacemakers, and a Point of Care ACT Analyzer	\$944,551	June 30, 2019
CHOC-06	Children's Hospital of Orange County	To reimburse the purchase of various medical equipment, including: blood gas analyzers, laparoscopic cameras, pump syringes, hospital grade power strips, uninterrupted power supply (UPS) batteries, cordless drivers, microscopy cameras, infusion pumps, and NICU Ventilators.	\$944,551	June 30, 2019
LLUCH-04	Loma Linda University Children's Hospital	To purchase pediatric equipment: including Neurosurgery, ENT (Ear, Nose, Throat), and Ophthalmology microscopes; a C-arm X-ray machine, and a Portable Heart Lung Support system.	\$944,551	February 28, 2020
MCH-02	Long Beach Memorial Medical Center, Earl and Loraine Miller Children's Hospital	To purchase and install patient care equipment: including vital sign monitors, infant incubators, and infant warmers.	\$944,551	September 30, 2019
UCI-02	University of California, Irvine Medical Center	As an additional funding source to a concurrent Children's Hospital Bond Act of 2008 grant application to fund the eligible pediatric portion of constructing, furnishing and equipping of a new two-story mixed-use 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.	\$128,121	December 31, 2022 2023
UCLA-02	University of California, Los Angeles Medical Center	As an additional funding source to a concurrent Children's Hospital Bond Act of 2008 grant application to reimburse the cost of patient care equipment, information technology systems, and expansion of the fifth floor neonatal intensive care unit.	\$128,121	December 31, 2022
UCSF-02	University of California, San Francisco Medical Center	To reimburse the purchase of clinical care equipment: Pediatric Ocular Imaging Equipment and Otolaryngology Ultrasound Diagnostic Equipment.	\$128,121	June 30, 2019

Total: \$5,107,118

AMENDMENT TO 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 PROGRAM 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~~ 2023.

Section 2. The Executive Director and the Deputy Executive Director ~~is~~ are 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 and the Deputy Executive Director ~~is~~ are 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 and the Deputy Executive Director ~~is~~ are 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 and the Deputy Executive Director of the Authority ~~is~~ are hereby authorized and directed to do any and all things and to execute and deliver any and all documents which the Executive Director and the Deputy 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~~ 2024.

Date Approved: _____

EXHIBIT A

PROJECT DESCRIPTION

The proceeds of the grant will be used by University of California, Irvine Medical Center to fund the eligible pediatric portion of constructing, furnishing and equipping of a new ~~two-story~~ mixed-use 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.