

CALIFORNIA HEALTH FACILITIES FINANCING AUTHORITY (Authority)

Children's Hospital Program of 2018 (Proposition 4)

First Amended and Restated Resolution Number CHP-4E 2020-04

St. Joseph's Medical Center of Stockton

June 26, 2025

PURPOSE OF THE REQUEST:

St. Joseph's Medical Center of Stockton (SJMC) is requesting the Authority approve a first amended and restated Resolution Number CHP-4E 2020-04 to extend the grant period end date and extend the resolution expiration date for its Children's Hospital Program of 2018 (Health & Safety Code, §1179.81 et seq.) (CHP) project.

ISSUE:

SJMC will not be able to complete the project by the grant period end date and resolution expiration date of July 31, 2025.

The project was delayed by unforeseen non-code compliant conditions discovered during the processes of demolition and abatement of existing hazardous materials. The discovered non-code compliant conditions included leaking ductwork and inadequate fire protection systems. The discovery of the non-code compliant conditions required considerable time to fully understand the extent of each condition and associated code requirements, create design changes to address each, and acquire formal internal and external California Department of Health Care Access and Information (HCAI) approval as needed, resulting in 30 Construction Document changes, nine Alternate Method of Compliance processes and 31 Non-Material Alterations. Construction could not proceed while changes were in the process of approval, causing critical delays to the construction schedule.

Despite delays, SJMC has made significant progress towards completion of the approved project. All equipment for SJMC's Neonatal Intensive Care Unit (NICU) has been placed in service, and the design, HCAI review, and permitting phase of the Pediatric Unit (PEDS) renovation have been completed. Construction for the PEDS is currently underway with a target completion date of April 2026.

SJMC has submitted an updated project timeline and is requesting an extension of the grant period to March 1, 2027. The extension will allow sufficient time for SJMC to complete construction, obtain a Certificate of Substantial Compliance from HCAI, and receive licensing from the California Department of Public Health by June 2026. The requested time extension also takes into consideration construction and/or administrative delays.

BACKGROUND:

On June 25, 2020, the Authority approved a grant award in the amount of \$11,904,276.00 to SJMC to renovate, expand, and equip an existing 4,000 square foot (sf) Pediatric Unit into a 9,000 sf unit and to purchase pediatric patient care equipment for the NICU. Resolution Number CHP-4E 2020-04 was approved with a grant period end date of July 31, 2024 and a resolution expiration date of July 31, 2025.

On April 20, 2023, pursuant to authority granted in Resolution Number CHP-4E 2020-04, the Executive Director approved an extension to the grant period end date from July 31, 2024 to July 31, 2025 to give SJMC time to revise the project design to meet the new 2022 building code requirements prior to submitting the building permit application to HCAI.

To date, Authority staff has disbursed \$2,451,863.53 to SJMC, leaving \$9,324,441.50 in funds remaining to be disbursed.

RECOMMENDATION:

Staff recommends the Authority approve the First Amended and Restated Resolution Number CHP-4E 2020-04 to extend the grant period end date and extend the resolution expiration date from July 31, 2025 to March 1, 2027 and March 1, 2028, respectively.

All other conditions in the Resolution shall remain the same and in full effect.

FIRST AMENDED AND RESTATED RESOLUTION NO. CHP-4E 2020-04

**FIRST AMENDED AND RESTATED RESOLUTION OF
THE CALIFORNIA HEALTH FACILITIES FINANCING AUTHORITY
APPROVING EXECUTION AND DELIVERY OF GRANT FUNDING
UNDER THE CHILDREN'S HOSPITAL PROGRAM OF 2018
TO ST. JOSEPH'S MEDICAL CENTER OF STOCKTON**

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 2018 (Pt. 6.3 (commencing with Section 1179.81), 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 \$15,000,000.00, less the bond issuance and administrative costs, to St. Joseph's Medical Center of Stockton ("Grantee") to finance eligible projects; and

WHEREAS, ~~on June 25, 2020, the 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~~ adopted Resolution No. CHP-4E 2020-04 (the "Original Resolution") approving a grant in an amount not to exceed \$11,904,276.00, less bond issuance and administrative costs, to the Grantee for the eligible project (the "Project") described in the application; and

WHEREAS, pursuant to the Original Resolution, on April 20, 2023, the Executive Director extended the Project's grant period end date to July 31, 2025; and

WHEREAS, the Grantee requests an additional extension of the grant period end date and extension of the resolution expiration date to complete the Project.

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

Section 1. The Authority hereby approves a grant of \$11,904,276.00 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 grant period that ends on ~~July 31, 2025~~ March 1, 2027.

Section 2. The Executive Director and the Deputy Executive Director 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 grant period completion date identified in Section 1 as authorized under the Act and implementing regulations. However, any extension approved by the Executive Director and the Deputy Executive Director shall not surpass the grant resolution expiration date. Nothing in this Resolution shall be construed to require the Authority to provide any additional 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 are hereby authorized and directed, for and on behalf of the Authority, to draw money from the Act Fund not to exceed those amounts approved by the Authority for the Grantee. The Executive Director and the Deputy Executive Director 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 Deputy Executive Director are hereby authorized and directed, for and on behalf of the Authority, to do any and all things and to execute and deliver any and all documents, which the Executive Director and Deputy Executive Director deem necessary or advisable in order to effectuate the purposes of this Resolution and the transactions contemplated hereby.

Section 5. This Resolution expires ~~July 31, 2025~~ March 1, 2028.

Date Approved: _____

EXHIBIT A

PROJECT DESCRIPTION

The proceeds of the grant will be used by St. Joseph's Medical Center of Stockton to fund the costs of renovating, expanding, and equipping the Pediatric Unit and to purchase pediatric patient care equipment for the Neonatal Intensive Care Unit.