

**CHILDREN'S HOSPITAL BOND ACT OF 2018
PROPOSITION 4
WEBINAR FOR STAKEHOLDERS**

FEBRUARY 5, 2019



CALIFORNIA HEALTH FACILITIES FINANCING AUTHORITY (CHFFA)

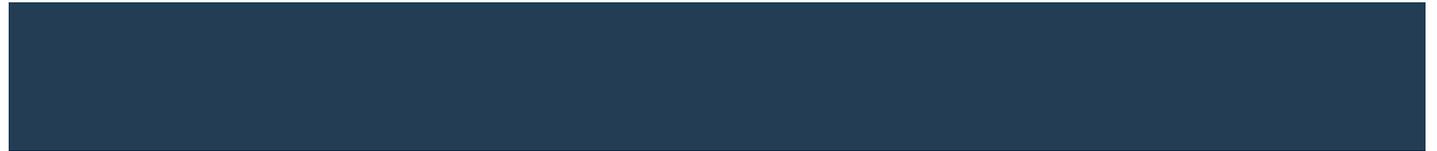
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WELCOMING REMARKS
FROM THE
CALIFORNIA STATE TREASURER
FIONA MA, CPA





PRESENTERS

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CHILDREN'S HOSPITAL PROGRAM OF 2018 WEBINAR RESOURCES

For technical issues, contact GoToWebinar (GoToMeeting) at 1-800-263-6317 or <http://support.citrixonline.com/gotomeeting/>

Presentation slides, draft regulations, and the draft application are available in the Handouts section of your control panel.

Live captioning is available at <https://www.streamtext.net/player?event=Webinar.Hospital>



BACKGROUND AND PURPOSE

- On November 6, 2018, California voters passed Proposition 4 which charges the California Health Facilities Financing Authority (CHFFA) with developing a \$1.5 billion grant program.
 - 90% of funding: 13 children's hospitals (*noncompetitive basis*)
 - 10% of funding: other public or private non-profit hospitals that provide pediatric services for children eligible for the California Children's Services program (CCS) (*competitive basis*)

- The purpose of the Children's Hospital Program is to improve the health and welfare of California's critically ill children by providing a stable and ready source of funds for capital improvement projects.

- The purpose of this webinar is to provide an overview of the development of the structure of the program specific to hospitals that provide services to children eligible for the CCS program, seek input from stakeholders, and to answer any questions.



AGENDA FOR TODAY

- Eligibility
- Children's Hospitals
- Eligible Hospitals
- Other Eligibility Factors
- Funding and Maximum Grants
- Eligible Project Costs
- Application Requirements
- Application Evaluation Criteria
- Readiness and Feasibility
- Application Evaluation Scoring Process
- Release of Funds
- Estimated Timeline
- CHFFA Website
- Contact Information
- Questions



ELIGIBILITY

The following entities are eligible to apply for a Grant under the Children's Hospital Program of 2018:

1. A Children's Hospital
2. Children's Hospitals Applying Jointly
3. An Eligible Hospital



CHILDREN'S HOSPITALS

University of California General Acute Care Hospitals:

1. Mattel Children's Hospital at University of California, Los Angeles
2. University Children's Hospital at University of California, Irvine
3. University of California, Davis Children's Hospital
4. University of California, San Diego Children's Hospital
5. University of California, San Francisco Children's Hospital

Non-Profit Children's Hospitals:

1. Children's Hospital and Research Center Oakland
2. Children's Hospital Los Angeles
3. Children's Hospital Orange County
4. Earl and Loraine Miller Children's Hospital Long Beach
5. Loma Linda University Children's Hospital
6. Lucile Salter Packard Children's Hospital at Stanford
7. Rady's Children's Hospital San Diego
8. Valley Children's Hospital



ELIGIBLE HOSPITALS

- An “Eligible Hospital” means a hospital that provides pediatric services to children eligible for the California Children’s Services program that is either
 - A public hospital as defined in the Welfare and Institutions Code section 14105.98(a)(25) or
 - A general acute care hospital licensed pursuant to Health and Safety Code section 1250 that is, or is an operating entity of, a California **nonprofit corporation**

- Eligible Hospitals shall have **Full Approval** as an approved CCS program by the State of California Department of Health Care Services



OTHER ELIGIBILITY FACTORS

□ Hospital Eligibility Factors

- Current, valid general acute care hospital license from the State of California Department of Public Health
- Audited financials free of Going Concern Qualifications

□ Project Eligibility Factors

- Evidence of real property ownership or lease agreement
- Benefits the health and welfare of California's critically ill children



FUNDING AND MAXIMUM GRANTS

Total Funds Available: \$1.5 billion

Hospital Type	Eligible Applicants	Percentage of Funds	2018 Act	
			Total Amount Available	Maximum Per Hospital Amount
UC Children's Hospitals	5	18%	\$270,000,000	\$54,000,000
Nonprofit Children's Hospitals	8	72%	\$1,080,000,000	\$135,000,000
Eligible Hospitals (CCS)	160 (estimated)	10%	\$150,000,000	Between \$8m and \$15m (TBD)
			Less Administrative Costs	\$10 per \$1,000 (1%) of authorized grant award
			Less Costs of Issuance	\$0.75 per \$1,000 (0.075%) of authorized grant award

Poll Question #1

CHFFA is considering setting a maximum grant amount for Eligible Hospitals ranging from \$8 million to \$15 million. Please select one out of the options below:

- \$8 million
- \$10 million
- \$12 million
- \$15 million



ELIGIBLE PROJECT COSTS

- Eligible project costs are limited to constructing, expanding, remodeling, renovating, furnishing, or equipping the pediatric program of an Eligible Hospital
- Eligible costs include only those incurred during the Grant Period
- Costs of Issuance for any financing of a Project are not eligible Project costs



APPLICATION REQUIREMENTS

Required Items:

- Application evaluation criteria (listed on next slide)
- A copy of most recent fiscal year Audited Financial Statements
- Organizational Information (from the Eligible Hospital and/or the parent corporation the Applicant is an operating entity of)
 - CCS approval letter for verification of Full Approval CCS status
 - A copy of 501(c)(3) tax-exemption letter from the Internal Revenue Service and the tax-exemption letter or Letter of Good Standing from the California State Franchise Tax Board
 - A copy of the Articles of Incorporation and Bylaws
 - A copy of the current general acute care hospital license from the State of California Department of Public Health
- State Treasurer's Office Legal Disclosure (Legal Status Questionnaire)
- Agreement and Certification to terms and conditions



APPLICATION EVALUATION CRITERIA

Applications will be scored based on eligibility and the following factors:

1. Expansion or Improvement of Health Care Access by children eligible for Governmental Health Insurance Programs and Indigent, Underserved, and Uninsured Children (*Maximum 30 points*)
2. Improvement of Child Health Care or Pediatric Patient Outcomes (*Maximum 30 points*)
3. Uncompensated or Undercompensated Care to Indigent or pediatric patients (*Maximum 20 points*)
4. Services to Vulnerable Pediatric Populations (*Maximum 15 points*)
5. Pediatric Teaching or Research Programs (*Maximum 5 points*)
6. Demonstration of Project readiness and Project feasibility (*Maximum 30 points*)



READINESS AND FEASIBILITY

- Readiness
 - Executed construction contracts and building permits
- Feasibility
 - Funding sources
 - 3rd party feasibility study/other documents
 - CEQA
- There will be a maximum of 30 possible for this factor
 - 30 points: ready and feasible at the time of application submission
 - 15 points: ready within 6 months of approval of a grant
 - 0 points: will not be ready within 6 months of approval of a grant
- Projects must be ready within 6 months of the approval of a grant or funds shall be forfeited
- Limited extensions may be made on a case-by-case basis by the Executive Director

Poll Question #2

Would you, as a potential Applicant, be able to provide executed architectural/engineering contracts, construction contracts, and any required building permits within 6 months after approval of a grant by CHFFA?

- Yes
- No



APPLICATION EVALUATION SCORING PROCESS

- Evaluation and scoring will be based on the Application's completeness, responsiveness, and clarity in addressing the evaluation factors
- The average score will be the final score assigned to the Applicant
- Grant Awards shall be limited to Applications which receive a minimum of
 - 60 points for factors numbers 1-5
 - 15 points for factors number 6
- Awards will be made from highest to lowest scoring applications
- If any factor receives zero points, the applicant will not be eligible for a grant
- 5 extra points will be granted to Eligible Hospitals that meet the definition of a Small and Rural Hospital (HSC Section 124840)

Poll Question #3

Should the Authority establish a \$50 million carve out for applications that request grant amounts of \$5 million or less?

- Yes
- No



RELEASE OF FUNDS

Once a Grant is awarded, for CHFFA to release funds, Grantees must provide:

- ❑ Executed CHFFA Grant Agreement
- ❑ Meet the readiness and feasibility requirements
- ❑ For construction Projects, a copy of the executed construction contract and any building permits, and all applicable executed architect, design and engineering contracts
- ❑ For equipment projects, a list of items purchased and all purchase orders, invoices and cancelled checks/ ACH
- ❑ Evidence that all other funds, if needed, are in place to complete the Project
- ❑ Verification of property ownership (or long-term lease)
- ❑ Proportionate share data of Pediatric Population

Poll Question #4

Should the Authority allow grant funds for construction projects to be disbursed on an advance basis, reimbursement basis, or both?

- Advance Basis
- Reimbursement Basis
- Both - Advance and Reimbursement Basis



ESTIMATED TIMELINE

November 6, 2018	Proposition 4 (Children's Hospital Program of 2018) passed by popular vote
February 8, 2019	Deadline for Stakeholder Feedback
February 28, 2019	Action Item for CHFFA Board Approval of Regulations
March/April 2019	Submit Regulations to Office of Administrative Law (OAL) on an Emergency Basis
March/April 2019	OAL Approves Emergency Regulations
March/April 2020	Deadline for First Funding Round Application Submission Period for Eligible Hospitals
To Be Announced	Application Technical Assistance Webinar for Eligible Hospitals



CHFFA WEBSITE

[HTTPS://WWW.TREASURER.CA.GOV/CHFFA/HOSPITAL.ASP](https://www.treasurer.ca.gov/chffa/hospital.asp)

Contact Information

If you have any questions about the Children's Hospital Program, please contact [CHFFA](#).

Children's Hospital Program of 2018 (Proposition 4)

[Statute](#)

Children's Hospital Program of 2004 (Proposition 61)

[Statute](#)

[Permanent Regulations with](#)

Children's Hospital Bond Act of 2018

On November 6, 2018, California voters passed Proposition 4, which enabled California to issue an additional \$1.5 billion in general obligation bonds to fund the Children's Hospital Program of 2018 under Health and Safety Code, Sections 1179.81-1179.102. Eight private non-profit children's hospitals are each eligible for \$135 million, five University of California Children's Hospitals are each eligible for \$54 million, and public or private nonprofit hospitals that provide pediatric services for children eligible for California Children's Services ("CCS Hospitals") are eligible for \$150 million in total.

CHFFA is in the process of developing regulations for the Children's Hospital Program of 2018 to establish timeframes and application forms for awards to the Children's Hospitals on a non-competitive basis and to the CCS Hospitals on a competitive basis.

Children's Hospital Bond Act of 2004

On November 2, 2004, California voters passed Proposition 61, which enabled the State of California to issue \$750 million in general obligation bonds to fund

Children's Hospital Bond Act of 2018 Webinar for Stakeholders

Date: Tuesday, February 5, 2019
Time: 10:30 a.m. to 12:00 p.m. (Pacific Time)

- [News Release, dated 2/1/2019](#)
- [Registration](#)

All comments/feedback regarding the proposed draft regulations must be received by CHFFA by 5 p.m. (Pacific Time), Friday, February 8, 2019. You may submit comments/feedback via email to CHFFA@treasurer.ca.gov.

- [Text of Draft Regulations](#)
- [Draft Grant Application for Children's Hospitals](#)
- [Draft Grant Application for Eligible Hospitals](#)



CONTACT INFORMATION

***FOR COMMENTS/ FEEDBACK/QUESTIONS ON THE DRAFT
REGULATIONS/APPLICATION, PLEASE CONTACT:***

CHFFA@TREASURER.CA.GOV

OR

[\(916\) 653-2799](tel:(916)653-2799)



QUESTIONS