

Proposition 4 Evaluation Factors:

Staff reviewed the provided application and other submitted materials in determining whether the applicant satisfactorily met the six factors identified in Proposition 4. Below is a summary of how the applicant met these specific factors.

Factor 1: The grant will contribute towards expansion or improvement of health care access by children eligible for governmental health insurance programs and indigent, underserved, and uninsured children.

Walnut Creek Outpatient Clinic Expansion

CHO plans to renovate a gutted space at the Hospital's satellite outpatient clinic in Walnut Creek (Clinic) in order to expand services. The Clinic provides critical services like outpatient surgical care, laboratory services, and infusion services. The expansion project is expected to add 12 clinical exam rooms, six infusion rooms, and two phlebotomy rooms. The Clinic is currently serving approximately 14,000 pediatric patients annually (approximately 46,000 visits) of which 45% are Medi-Cal insured. The demand for services exceeds the Clinic's ability to serve by about one-third; thus, the expansion of the Clinic will enable more children to be seen overall and lower patient wait times.

Operating Room Renovations

CHO plans to replace the lighting and surgical booms in six operating rooms and upgrade the video technology in two of the video integrated surgical rooms at its main hospital in Oakland; moreover, structural bracing of the ceiling is needed for these proposed projects. The current lighting, surgical booms, and video integration equipment in these rooms are over ten years old, have low performance, and require continuous repairs, which causes frequent interruptions in the ability to use the rooms. The parts for the repairs are also becoming difficult to find, which means the current equipment may eventually become irreparable. The Hospital treated 8,300 patients in these six operating rooms alone last year. Replacing the lighting and surgical booms will ensure patient access at all times, by having open and usable room capacity, especially for complex surgical procedures that require video integration.

Transportable Magnetic Resonance Imaging (MRI) Machine

The Hospital plans to purchase and install a transportable MRI machine at the main hospital to help with the demand for services, which currently exceeds the service capacity by 28%. CHO performs over 5,000 MRI scans per year at its main hospital location. The current MRI machine is 16 years old, is frequently closed for costly repairs, and the vendor's support contract expired six years ago. Due to the issues with this old MRI machine, patients either face a delay in treatment, are waitlisted, and/or referred elsewhere. Purchasing and installing a transportable MRI is an efficient way to immediately restore patient access to a functioning MRI machine.

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

Operating Room Renovations

The six operating rooms are utilized to perform complex procedures requiring high visibility such as neurosurgery, trauma and spinal procedures. The updated lighting will provide clearer

visibility in complex medical procedures, and it will promote efficiency by removing the need to adjust the lighting during the procedures. The upgraded video technology will give medical staff the ability to perform complex surgical procedures with greater precision due to clearer video streaming. This technology will be used for Neurosurgery and Ortho/Spine surgery. Precision and detailed visibility are significant when performing complex procedures on pediatric patients because a minor medical error on a small anatomy can have a great impact on patient outcomes.

Two Radiography Fluoroscopy Systems

The Hospital performs over 27,000 X-ray exams each year, but the current equipment needs to be replaced because it is nearing the end of its useful life. CHO plans to purchase and install two new pieces of equipment at its main hospital: the Siemens Multitom RAX Robotic System (RAX) and the Philips ProxiDiagnost N90 (N90). Both equipment installations also will require room renovations.

RAX is extremely beneficial to pediatric patients who are either too ill, injured, or too young to easily adjust positions for a traditional X-ray machine. RAX can take multiple types of scans without disturbing the patient in any way, thus preventing further complications and saving time during what can be a traumatic experience. The N90 subjects the pediatric patient to 68% less radiation. Both pieces of equipment take high resolution images, which directly impacts diagnostic accuracy. By being able to accurately diagnose and evaluate patients, medical staff can make more informed decisions regarding treatment, therefore improving patient outcomes.

Transportable Magnetic Resonance Imaging (MRI) Machine

The Hospital will be purchasing a MRI machine with a magnet strength that is twice the strength of its current machine (1.5T to 3.0T), which will create higher quality images for vital anatomical structures like the brain and spine. This will directly impact patient outcomes by providing clearer and more detailed imaging, supporting medical staff in making informed decisions and allowing exploration into specialized and unique treatment plans.

Factor 3: The children's hospital provides uncompensated or undercompensated care to indigent or public pediatric patients.

The Hospital's mission is to provide medical care, even if the family does not qualify for public insurance. CHO operates the only pediatric Federally Qualified Health Center (FQHC) in the nation and also is the only provider of pediatric subspecialty care to patients with Medi-Cal in the region and the only Level 1 Pediatric Trauma Center in Northern California. Moreover, the Hospital is involved with and sponsors several community benefit programs, which cost the Hospital \$15 million in Fiscal Year 2018. One of these programs is the Center for Vulnerable Children (CVC), which is a program that helps at-risk children up to age 18. CVC is part of the Hospital's FQHC in which they provide primary care, psychotherapy, and navigational social services to approximately 3,000 children annually.

Factor 4: The children's hospital provides services to vulnerable pediatric populations.

For the 2018 fiscal year, the Hospital served 79,113 pediatric patients, between inpatients and outpatients combined. Moreover, 71% of the inpatients and 62% of the outpatients were insured through Medi-Cal. CHO provided approximately \$190 million in undercompensated costs and

\$8.3 million in charity care. The Hospital also sponsors the Claremont Primary Care Clinic, which is a pediatric primary care provider with a patient population that is 95% Medi-Cal eligible. It provides services such as preventative care, chronic disease management, behavior health, and immunizations to 8,000-9,000 patients annually. This program is part of the Hospital's FQHC, and it also guides the patients' families through basic but crucial community services, like housing and food.

Factor 5: The children's hospital promotes pediatric teaching programs or pediatric research programs.

CHO has one of the largest pediatric teaching programs in the western United States, approximately 80 pediatric residents per year, as well as over 300 mostly non-pediatric residents that participate temporarily for exposure to pediatrics. In 2018, CHO provided month-long medical training in 13 different pediatric specialties to 145 medical students from medical schools across the United States. Additionally, University of California San Francisco's (UCSF) second- and third-year medical students study at CHO for their pediatric rotations and introduction into clinical medicine courses. CHO also includes the Children's Hospital Oakland Research Institute (CHORI), which focuses on childhood disease research.

Factor 6: Demonstration of project readiness and project feasibility.

According to the project timeline provided in the Hospital's application, CHO's five projects are set to be completed by December 31, 2022. The Walnut Creek expansion already has a contract with an architectural firm, and the schematic designs are completed. The Hospital is on schedule to execute a construction contract with a general contractor after the approval of the CHFFA grant award. A significant portion of the request is for purchasing equipment, like the lighting, video integration system, RAX, and the N90, which the hospital plans to purchase shortly after being approved for grant funding. The installation of the equipment, such as RAX and the N90, will be completed by December 2022.

Legal Review:

Although disclosures were made by the applicant, the information disclosed does not appear to detrimentally affect its financial viability or legal integrity.

Description of Applicant:

The Hospital is a nonprofit 501(c)(3) general acute care pediatric hospital with a current license from the California Department of Public Health. The Hospital was opened in 1912 and is located in Alameda County. The Hospital offers everything from primary care to over 30 pediatric subspecialties. Further, CHO is one of only five American College of Surgeons verified Level 1 Pediatric Trauma Center hospitals in California, and has specialized staff and facilities to treat rare pediatric illnesses. The Hospital's financial audit for fiscal year 2019 was submitted and is free of "going concern" language¹.

¹ The absence of "going concern" language tends to suggest the organization is in good operational health for that fiscal year. The Authority's regulations define "Going Concern Qualification" in Section 7000(q).

RESOLUTION NO. CHP-04 2020-03

**RESOLUTION OF THE CALIFORNIA HEALTH
FACILITIES FINANCING AUTHORITY APPROVING
EXECUTION AND DELIVERY OF GRANT FUNDING
UNDER THE CHILDREN’S HOSPITAL BOND ACT OF 2018
TO CHILDREN’S HOSPITAL & RESEARCH CENTER AT OAKLAND**

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 \$135,000,000.00 less the bond issuance and administrative costs to Children’s Hospital & Research Center at Oakland (“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 \$26,090,472.58 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 \$26,090,472.58 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 December 31, 2023.

Section 2. The Executive Director or the Deputy 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 grant period completion date identified in Section 1 as authorized under the Act and implementing regulations. However, any extension approved by the Executive Director or 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, 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 or the Deputy 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 (2018) not to exceed those amounts approved by the Authority for the Grantee. The Executive Director or the Deputy 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 or the Deputy 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 or 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, 2024.

Date Approved: _____

EXHIBIT A

PROJECT DESCRIPTION

The proceeds of the grant will be used by Children's Hospital & Research Center at Oakland (CHO) to reimburse and fund the costs of five projects consisting of construction/renovation and the purchase of patient care equipment. The construction/renovation projects include expanding CHO's satellite outpatient clinic in Walnut Creek and renovating the operating rooms for the installation of new surgical lighting, surgical booms, and surgical video technology equipment at the main hospital in Oakland. The patient care equipment includes, among others, a Transportable Magnetic Resonance Imaging (MRI) machine and two radiography fluoroscopy systems. A list of the projects was included in the application.