

CALIFORNIA HEALTH FACILITIES FINANCING AUTHORITY (Authority)
Children's Hospital Program of 2018 (Proposition 4)

Resolution No. CHP-4 2026-02

June 25, 2026

Applicant: Valley Children's Hospital
9300 Valley Children's Place
Madera, CA 93636

Project Site: 9300 Valley Children's Place
Madera, CA 93636

Amount Requested: Proposition 4: \$17,372,984.70

Grant #: VCH-06-04

Summary of Grant Amounts	Proposition 4
Eligible Amount	\$ 135,000,000.00
less Previous Grant Awards	83,799,088.90
less Requested Grant Amount	17,372,984.70
Remaining Amount Eligible (if requested amount is approved)	\$ 33,827,926.40

Project:

Valley Children's Hospital (VCH) is seeking Proposition 4 grant money to reimburse the costs of equipment purchases and renovation costs associated with the installation and replacement of equipment. Equipment includes but is not limited to a Positron Emission Tomography/Computed Tomography (PET/CT) System, Catheterization Lab (Cath Lab) equipment, new patient monitors, and an air handler unit.

Sources of Funds:

Net Prop 4 Funds ¹	\$17,186,225.11
Internal Funds ²	<u>186,759.59</u>
Total	<u>\$17,372,984.70</u>

Uses of Funds:

Equipment	\$14,143,354.35
Renovation/Remodel	<u>3,229,630.35</u>
Total	<u>\$17,372,984.70</u>

Staff Recommendation:

Staff recommends that the Authority approve Resolution No. CHP-4 2026-02 for Valley Children's Hospital to receive a grant not to exceed \$17,372,984.70 (less costs of issuance and administrative costs), subject to all requirements of the Children's Hospital Bond Act of 2018.

¹ Net Prop 4 Funds is the total Prop 4 requested amount of \$17,372,984.70, less costs of issuance and administrative costs.

² Internal Funds in the amount of \$186,759.59 will be used to pay the administrative costs (\$173,729.85) and costs of issuance (\$13,029.74).

Proposition 4 Evaluation Factors:

Staff reviewed the application provided 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.

Cath Lab Equipment

VCH purchased a variety of replacement Cath Lab tools to ensure that they are well equipped to provide care to their patient population without excessive downtime due to aging and less efficient equipment. By purchasing new equipment, VCH ensured less risk of disruption to care, which they experienced with their previous aging equipment. The previous Biplane Equipment was a GE Innova, and it was replaced with a Siemens Icono (Icono). Medical professionals from VCH traveled to several children's hospitals to look at four different vendors who had state-of-the-art biplane equipment. After those travels, the Icono was selected for a few different reasons. The Icono is a ceiling mounted biplane that can accommodate an extracorporeal membrane oxygenation (ECMO) patient with all other equipment that would accompany them to the Cath Lab. The Icono can produce 3D images for hybrid surgical planning and includes a small CT component that can allow VCH to complete complex catheterization procedures in micropremie populations, which is not possible with other versions of the equipment. Lastly, the Icono would allow for all the additional electrophysiology (EP) equipment to fit in the room safely. The previous Hemodynamic Equipment was replaced with an upgraded version of the GE Maclab. The previous Cath Lab needed to be remodeled to accommodate larger space as VCH started an EP program, and the room needed to house extra equipment.

This upgrade provides updated and fully functional equipment for all Cath Lab services at VCH. In fiscal year 2024, 262 patients were seen, and in fiscal year 2025, 251 patients were seen of which 73.3% were covered by Medi-Cal.

Philips Monitors

Physiological Philips Monitors monitor patients who require centralized monitoring. VCH purchased 276 new bedside Philips monitors and accessories to replace existing monitors that have been retired and taken out of service. In this fleet purchase, 176 old monitors were retired as they had become obsolete due to their age and inability to acquire the necessary parts for repair. When old monitors are retired and placed out of service before replacement, VCH must then prioritize which patients need monitoring over others, increasing waiting times and delaying care. The new monitors, equipped with updated technology, including improved algorithms and oxygen saturation monitoring options, keep VCH's monitoring fleet at capacity. The new monitors were placed on VCH's main campus in the Pediatric Intensive Care Unit (PICU) and the Madera Neonatal Intensive Care Unit (NICU) departments, as well as their sister licensed campuses at St. Agnes NICU and the Merced NICU.

The PICU saw 8,774 patient days in fiscal year 2025, and the Madera NICU saw 19,941 patient days in fiscal year 2025. The St. Agnes NICU saw 3,535 patient days in fiscal year 2025, and the Merced NICU saw 461 patient days in fiscal year 2025. Of these patients, an average of 73.3% were Medi-Cal patients. In fiscal year 2024,

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

PET/CT System

VCH replaced their GE Brightspeed 16-slice scanner with a Siemen's Biograph Vision 450 whole-body PET/CT System due to the age of the equipment and to bring PET/CT to VCH as a new, much needed modality offering. Although the GE 16-slice scanner was functional, it was significantly underutilized because of the dated technology. By strategically advancing the capabilities of imaging equipment investments and adding digital PET imaging capabilities, VCH has been able to elevate performance in clinical applications, image quality, efficiency, and dose safety. This has given VCH the ability to bring the best technology and diagnoses to its pediatric patients.

An additional challenge that was experienced with the prior 16-slice scanner was the room size. Along with the purchase of the new equipment, a larger suite was constructed within the department. The larger suite improves the room to accommodate certain patients and reduces the risk of safety concerns when performing studies on Interventional Radiology (IR), trauma, and anesthesia patients. In addition, neither of VCH's CT scanners offered any IR applications, which were needed to improve the IR team's capabilities for CT-guided procedures.

Additionally, the old GE 16-slice scanner could not continue to meet the clinical needs and trauma requirements for the organization. VCH needed a CT scanner with PET/CT capabilities in order to confidently meet the needs of the trauma program's outpatients and inpatients. As VCH continues to expand its capabilities to be a leader in pediatric imaging throughout the valley, they must keep pace with applications that keep them at the forefront of pediatric imaging. Adding the PET/CT system has enabled VCH to expand the imaging department to provide critical exams for patients who were once being referred to outside facilities.

Before the project, the Imaging department saw approximately 5,500 CT exams. CT volume had experienced a downward trend due to concerns of radiation dose although new technology had made dramatic strides to offset the concerns. In fiscal year 2025, 6,379 CT exams were conducted, and in the first six months of fiscal year 2026, 3,594 CT exams were conducted. Of those, approximately 73.3% were covered by Medi-Cal.

Air Handler Unit

VCH purchased a replacement air handler unit to keep the Discovery (gastroenterology unit) and Voyager (epilepsy monitoring unit and surgical post-procedure overflow) inpatient units operating smoothly and without interruption of care. The air handler unit is designed with extra capacity, which allows for future growth in the unit and surrounding departments. Replacing the air handling unit also provides greater reliability and ensures that the inpatient unit receives the proper air volumes needed to maintain the required pressure, minimizing the risk of contamination from adjacent areas, keeping patients safe from infection and reducing the risk of the spread of infectious diseases.

The Discovery unit saw 7,433 patient days, and the Voyager unit saw 2,746 patient days in fiscal year 2025, and an estimated 73.3% of those patients were Medi-Cal Patients.

Factor 3: The children's hospital provides uncompensated or undercompensated care to indigent

In fiscal year 2024, VCH provided approximately \$117,000 in charity care, and the estimated Medi-Cal uncompensated costs were approximately \$212,627,000. In addition, VCH provides enrollment assistance to uninsured and under-insured pediatric patients, who qualify for Medi-Cal and California Children's Services Program or VCH's Financial Assistance Program. Once eligibility is determined, VCH's staff assists the families with completing necessary applications and submitting them to the appropriate agencies. Given Central Valley's rural landscape and high concentration of poverty, VCH continues to collaborate with the community to improve public transportation and access to care.

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

In fiscal year 2025, VCH had 10,132 inpatient admissions, 97,424 emergency department visits and 174,339 outpatient clinic visits. 73.3% of the inpatient and 73% of the outpatient visits at VCH were covered by Medi-Cal benefits.

VCH is the only tertiary³ and specialized health care facility for children in the Central Valley, and its service area covers a wide portion of Central California, including Kern County, San Joaquin County, and northern Santa Barbara and San Luis Obispo Counties. VCH serves a large rural area with a large Medi-Cal population. Much of this region is rural, and access to top quality pediatric health care would not exist for VCH's underserved patients, a vast majority of whom are enrolled in Medi-Cal. In addition, VCH is expanding its services in the rural areas through its outreach clinics and physician-hospital partnerships.

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

VCH has promoted pediatric teaching programs for medical students, residents, and fellows for over 56 years and is currently teaching over 250 residents and medical students annually. In fiscal year 2015, VCH partnered with Stanford School of Medicine (Stanford) to create the Valley Children's Pediatric Residency Program (Residency Program). The partnership allowed VCH's interns and residents to have rotations and learning opportunities at Stanford's Palo Alto campus and for Stanford's residents to learn at VCH. VCH is now the sponsoring institution of this Residency Program, nationally accredited by the Accreditation Council for Graduate Medical Education (ACGME) and is taking full academic and financial responsibility for the graduates' medical education. The Residency Program currently employs 39 residents, and over 40 of VCH's physicians have received Stanford faculty appointments and will continue to be educated as part of the Residency Program. VCH will continue to provide educational experiences to students and to encourage the future graduates of VCH's program to stay in the Central Valley as pediatricians and pediatric specialists.

³ For the purpose of CCS, a Tertiary Hospital is a referral hospital providing comprehensive, multidisciplinary, regionalized pediatric care to children from birth up to 21 years of age. The services include a full range of medical and surgical care for severely ill children, pediatric residency training within 24-hour CCS-paneled pediatrician coverage, and organized pediatric research program, and community outreach.

VCH has a research department overseeing the studies of new pediatric drugs, biological products, and medical devices, which increases its ability to implement and evaluate industry sponsored studies that may benefit its own patients as well as children around the world. In 2025, VCH supported over 229 research studies with 50 studies being for investigational new drugs for pediatrics. VCH faculty and residents contributed to the body of scientific evidence by publishing 84 articles last year.

Factor 6: Demonstration of project readiness and project feasibility.

All patient care equipment was acquired and installed between October 1, 2019 and June 24, 2024 and is already in service. This grant application also includes several construction projects that were completed and placed in service as of May 31, 2024.

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:

VCH formerly known as Children’s Hospital Central California, founded in 1952, is a nonprofit acute care pediatric hospital, licensed by the California Department of Public Health. VCH offers highly specialized medical and surgical services as Central California's only regional referral center for children. VCH has 358 licensed beds with 330 beds at its main campus located in Madera and 28 beds at its three satellite neonatal locations in Fresno, Hanford, and Merced. VCH’s fiscal year 2025 financial audit is free of “going concern” language.⁴

⁴ 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-4 2026-02

RESOLUTION OF THE CALIFORNIA HEALTH FACILITIES FINANCING AUTHORITY APPROVING EXECUTION AND DELIVERY OF GRANT FUNDING UNDER THE CHILDREN'S HOSPITAL PROGRAM OF 2018 TO VALLEY CHILDREN'S HOSPITAL

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 costs of issuance and administrative costs, to Valley Children's Hospital to finance eligible projects; and

WHEREAS, Authority staff received a grant application (the "Application") from Valley Children's Hospital ("Grantee"), and Grantee is seeking a grant in an amount that will not cause the aggregate sum of grants disbursed to the Grantee to exceed \$135,000,000; 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 \$17,372,984.70 (the "Grant"), less costs of issuance and administrative costs representing 0.075% and 1% of the amount of the grant, respectively, to the Grantee for the eligible project (the "Project") described in the Application and as more generally described in Exhibit A to this Resolution (Exhibit A is hereby incorporated by reference);

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

Section 1. The Authority hereby approves a grant in an amount not to exceed \$17,372,984.70, less costs of issuance and administrative costs, to the Grantee to complete the Project within a grant period that ends on December 31, 2027 (the "Grant Period"). The Grantee must make any request for disbursement of Grant funds pursuant to the Grant Agreement (defined below) and within the Grant Period.

Section 2. For and on behalf of the Authority, the Executive Director and/or the Deputy Executive Director are hereby authorized and directed to do, or cause to be done, any of the following:

a) Approve any minor, non-material changes to the Project. Nothing in this Resolution shall be construed to require the Authority to provide any additional funding to Grantee. The Authority shall not be liable to the Grantee in any manner whatsoever should such funding not be completed for any reason whatsoever.

b) Extend the Grant Period set forth in Section 1. However, any extension approved by the Executive Director and/or the Deputy Executive Director shall not surpass the expiration date of this Resolution set forth in Section 3 hereof.

c) Draw money from the Act Fund, in an amount not to exceed that approved by the Authority and disburse such funds to the Grantee pursuant to the Grant Agreement.

d) Enter into an agreement with Grantee (the “Grant Agreement”) in form and substance the Executive Director and/or Deputy Executive Director determines appropriate in their reasonable discretion setting forth the Authority’s and Grantee’s rights and duties in connection with the Grant.

e) Do any and all things and to execute and deliver any and all other documents that the Executive Director and/or the Deputy Executive Director deem necessary, convenient, or advisable to effectuate the purposes of this Resolution and the transactions contemplated hereby.

Section 3. This Resolution expires December 31, 2028, unless extended by action of the Authority prior to that date.

Date Approved: _____

EXHIBIT A

PROJECT DESCRIPTION

Valley Children's Hospital (VCH) is seeking Proposition 4 grant money to reimburse the costs of equipment purchases and corresponding renovation costs associated with the installation and replacement of equipment. Equipment includes but is not limited to a Positron Emission Tomography/Computed Tomography (PET/CT) System, Catheterization Lab (Cath Lab) replacement equipment, new patient monitors, and an air handler unit.