

CALIFORNIA HEALTH FACILITIES FINANCING AUTHORITY (Authority)

Children's Hospital Program of 2018 (Proposition 4)

First Amendment and Restatement to Resolution Number CHP-4E 2020-11

Kern Medical Center

September 25, 2025

PURPOSE OF THE REQUEST:

Kern Medical Center (KMC) is requesting the Authority approve a first amendment and restatement to Resolution Number CHP-4E 2020-11 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 (Project).

ISSUE:

KMC will not be able to complete all components of the Project by the grant period end date and resolution expiration date of November 30, 2025.

KMC's Project was delayed by unforeseen challenges discovered during the renovation of the Pediatric Emergency Department, as well as ballooning costs related to the purchase of patient care equipment (PCE). In the Pediatric Emergency Department, it was discovered that a new air handling unit (AHU) would be needed to complete the renovation. The AHU was delivered well beyond its scheduled date and did not include key pieces of equipment needed to mount the unit to the roof, causing delays in the project schedule. Considerable time was needed to fully understand existing conditions, create design changes to address each, receive approval on amended submittals from the California Department of Health Care Access and Information, install the unit, and perform additional testing and inspection. For the purchase of PCE, KMC is evaluating which equipment will best expand and improve diagnostic and treatment capacity for pediatric patients in Kern County while also ensuring financial and operational feasibility.

Despite delays, KMC has made meaningful progress on all components of the Project:

- Renovation and equipping of the Inpatient Pediatric Unit will be completed in January 2026
- Renovation of the Columbus Outpatient Pediatric Unit was completed July 2022
- Expansion and equipping of the Pediatric Emergency Department will be completed in January 2026
- Elevator repairs will be completed in December 2026
- Patient care equipment was placed in service for various departments

KMC is in the process of reconciling invoices for various Project components and will request reimbursement in the coming months.

KMC has submitted an updated timeline and is requesting an extension of the grant period end date to January 31, 2027 and resolution expiration date to January 31, 2028. The extension will allow sufficient time for KMC to complete the Project, obtain the requisite licensure to place the remaining components in service for pediatric patients, and submit all disbursement documentation. The requested time extension also takes into consideration construction and/or administrative delays.

(ADF)

BACKGROUND:

On June 25, 2020, the Authority approved a grant award in the amount of \$9,289,941.38 to KMC to fund the eligible pediatric portion of the costs of constructing/renovating the Inpatient Pediatric Unit and the Columbus Pediatric Outpatient Clinic and expanding the Pediatric Emergency Department. Proceeds of the grant also will be used to repair broken elevators, purchase NICU equipment, equipment for the ENT clinic, and patient care equipment for the Inpatient Pediatric Unit and Pediatric Emergency Room. Resolution Number CHP-4E 2020-11 was approved with a grant period end date of November 30, 2024 and a resolution expiration date of November 30, 2025.

On November 4, 2024, pursuant to authority granted in Resolution Number CHP-4E 2020-11, the Executive Director approved an extension to the grant period end date from November 30, 2024 to November 30, 2025, the expiration date of the resolution, to give KMC time to purchase and install equipment that was subject to supply chain delays and increased costs.

To date, Authority staff has disbursed \$2,520,770.00 to KMC, leaving \$6,669,304.51 in funds remaining to be disbursed.

RECOMMENDATION:

Staff recommends the Authority approve a first amendment and restatement to Resolution Number CHP-4E 2020-11 to extend the grant period end date and extend the resolution expiration date from November 30, 2025 to January 31, 2027 and January 31, 2028, respectively.

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

FIRST AMENDED AND RESTATED RESOLUTION NO. CHP-4E 2020-11

**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 KERN 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 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 Kern Medical Center ("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 2020-11 (the "Original Resolution") approving a grant in an amount not to exceed \$9,289,941.38, 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 November 04, 2024, the Executive Director extended the Project's grant period end date to November 30, 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 \$9,289,941.38 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 ~~November 30, 2025~~ January 31, 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 ~~November 30, 2025~~ January 31, 2028.

Date Approved: _____

EXHIBIT A

PROJECT DESCRIPTION

The proceeds of the grant will be used by Kern Medical Center to fund the eligible pediatric portion of the costs of constructing/renovating the inpatient pediatric unit and the Columbus Pediatric Outpatient Clinic and expanding the pediatric emergency room. Proceeds of the grant also will be used to repair broken elevators, purchase NICU equipment, equipment for the ENT clinic, and patient care equipment for the inpatient Pediatric Unit and pediatric emergency room.