

**CHFFA REVENUE BOND FINANCING PROGRAM  
EXECUTIVE SUMMARY**

<p><b>Applicant:</b> City of Hope (“COH”) 1500 E. Duarte Road Duarte, California 91010 Los Angeles County</p> <p><b>Project Sites:</b> <i>Please see Exhibit 2</i></p> <p><b>Facility Type:</b> Acute Care Hospital</p> <p><b>Eligibility:</b> Government Code 15432(d)(1)</p> <p><b>Prior Borrower:</b> Yes. (Date of last CHFFA issue, 2012)</p> <p><b>Obligated Group:</b> The Obligated Group (“Obligated Group”) is identified in <i>Exhibit 5</i>.</p>	<p><b>Amount Requested:</b> \$65,500,000</p> <p><b>Authority Meeting Date:</b> January 26, 2017</p> <p><b>Requested Loan Term:</b> Up to 30 years</p> <p><b>Resolution Number:</b> 424</p>																
<p><b>Background:</b> Established in 1913, COH is a nationally recognized nonprofit enterprise that provides innovative biomedical research, treatment and education. COH is dedicated to the prevention and cure of cancer and other life-threatening diseases. An affiliate of COH is COH National Medical Center (the “Medical Center”), a California nonprofit public benefit corporation that owns and operates a 186-bed acute care hospital with a licensed capacity of 217 beds. The Medical Center had more than 205,000 outpatient visits in FY 2016.</p>																	
<p><b>Use of Proceeds:</b> The 2017 Note proceeds will be used to refund CHFFA Bonds Series 2012B and 2012C and also used to cover any eligible costs associated with the issuance of notes. The 2017 Notes will be privately purchased by MUFG Union Bank, N.A.</p>																	
<p><b>Type of Issue:</b> Private placement with two series of variable rate Notes, to be purchased by MUFG Union Bank, N.A.</p> <p><b>Expected Credit Rating:</b> Unrated, - <i>Please see Guideline discussion on page 3</i></p> <p><b>Financing Team:</b> <i>Please see Exhibit 1 to identify possible conflicts of interest</i></p>																	
<p><b>Financial Overview:</b> COH’s income statement appears to exhibit consistently solid operating results with revenue growth over the review period. COH appears to be in a strong financial position with a solid ability to service its debt obligations with an operating pro-forma debt service coverage ratio of 8.09x.</p>																	
<table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th colspan="2" style="text-align: left;"><u>Estimated Sources of Funds:</u></th> <th colspan="2" style="text-align: left;"><u>Estimated Uses of Funds:</u></th> </tr> </thead> <tbody> <tr> <td style="width: 30%;">Note proceeds</td> <td style="width: 20%; text-align: right;">\$ 65,500,000</td> <td style="width: 30%;">Refunding</td> <td style="width: 20%; text-align: right;">\$ 65,000,000</td> </tr> <tr> <td></td> <td></td> <td>Financing Cost</td> <td style="text-align: right;">500,000</td> </tr> <tr> <td><b>Total Estimated Sources</b></td> <td style="text-align: right; border-top: 1px solid black; border-bottom: 3px double black;"><b>\$ 65,500,000</b></td> <td><b>Total Estimated Uses</b></td> <td style="text-align: right; border-top: 1px solid black; border-bottom: 3px double black;"><b>\$ 65,500,000</b></td> </tr> </tbody> </table>		<u>Estimated Sources of Funds:</u>		<u>Estimated Uses of Funds:</u>		Note proceeds	\$ 65,500,000	Refunding	\$ 65,000,000			Financing Cost	500,000	<b>Total Estimated Sources</b>	<b>\$ 65,500,000</b>	<b>Total Estimated Uses</b>	<b>\$ 65,500,000</b>
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		Financing Cost	500,000														
<b>Total Estimated Sources</b>	<b>\$ 65,500,000</b>	<b>Total Estimated Uses</b>	<b>\$ 65,500,000</b>														
<p><b>Due Diligence:</b> Staff has received and reviewed the Eligibility, Legal Review, Religious Due Diligence, Savings Pass Through, Seismic, Community Service Obligation, and Iran Contracting Act Certification. CEQA documentation is not applicable in this transaction. All documentation satisfies the Authority’s requirements.</p>																	
<p><b>Staff Recommendation:</b> Staff recommends the Authority approve Resolution Number 424 for City of Hope in an amount not to exceed \$65,500,000 subject to the conditions in the resolution. Macias Gini &amp; O’Connell, LLP, the Authority’s financial analyst, and KNN Public Finance, the Authority’s financial advisor, concur with the Authority’s staff recommendation.</p>																	

**I. PURPOSE OF FINANCING:**

COH is seeking to refund CHFFA Bonds Series 2012B and 2012C in order to most effectively utilize the credit capacity of its banking partners given attractive pricing and terms in the current market environment. Through this financing, COH intends to free up liquid assets and reduce opportunity cost of holding cash in order to back up self-liquidity as well as preserve flexibility and minimize risk.

**Refunding..... \$65,000,000**

CHFFA Variable Rate Revenue Bonds Series 2012B and 2012C

COH plans to refund CHFFA Bonds Series 2012B and Series 2012C in the amount of \$65,000,000 issued in one or more series (“Notes” or “2017 Notes”) to be purchased by MUFG Union Bank, N.A. Bond proceeds were used toward refunding City of Duarte Certificates of Participation, Series 1999A, Association of Bay Area Governments (ABAG) Finance Authority for Nonprofit Corporations, Series 2006 A, B and C Bonds, and the California Enterprise Development Authority (CEDA), 2007 Promissory Note. Additionally, the bonds were also used by COH to pay or reimburse for renovation and expansion expenditures.

The combined prior indebtedness above financed the completion of the Helford Clinical Research Hospital, the construction of a new main hospital building, construction of the Arnold and Mabel Beckman Center for Cancer Immunotherapeutic and Tumor Immunology, construction of other healthcare and research facilities, equipment, and other building construction and renovation.

**Financing cost ..... 500,000**

Estimated cost of issuance ..... \$500,000

**Total Estimated Uses of Funds ..... \$65,500,000**

## **II. GUIDELINES DISCUSSION:**

The 2017 Notes will be an unrated, purchased by MUFG Union Bank, N.A. (the “Purchaser”) in a private transaction. The following requirements apply to the issuance of the 2017 Notes:

- Must be privately placed with and transferred only to a “Qualified Institutional Buyer” (“QIB”) as defined by SEC Rule 144A, promulgated under the Securities Act of 1933;
- Minimum denomination of \$250,000;
- Unconditional Promise to Pay from COH, as borrower;
- Investor Letter required at issuance;
- 2017 Notes transfer restrictions must be noted conspicuously on the 2017 Notes themselves; and
- 2017 Notes must be physically delivered.

All of the foregoing requirements are designed to maximize the likelihood that the unrated 2017 Notes will be placed with more sophisticated investors given the higher risk typically perceived to be associated with unrated debt. The 2017 Notes are not rated at this time because the Purchaser does not require the 2017 Notes to be rated. The Purchaser is required to be a QIB under SEC Rule 144A and will make an independent credit determination with respect to its purchase of the 2017 Notes. The foregoing will be reflected in the investor letter to be delivered by the Purchaser.

The 2017 Notes will be refunding the California Health Facilities Financing Authority Variable Rate Revenue Bonds (City of Hope), Series 2012B and Series 2012C (the “Series 2012B/C Bonds”). The 2017 Notes currently requested by COH would be secured on parity with other indebtedness or obligations secured by Obligations issued under the Master Indenture by the following: (1) the gross receivables pledge under the Master Indenture; and (2) Obligations (“2017 Obligations”) issued under the Master Indenture. The 2017 Notes will not be secured by a debt service reserve account because the Purchaser does not require a debt service reserve account.

This transaction complies with the Authority's existing unrated debt guidelines.

### **III. PROPOSED COVENANTS AND SECURITY PROVISIONS:**

In November 2012, COH entered into a master trust indenture (as supplemented, the "Master Indenture") with the following affiliates: City of Hope National Medical Center, City of Hope Medical Foundation and Beckman Research Institute of the City of Hope (each, together with COH, a "Member of the Obligated Group") to create an obligated group (the "Obligated Group"). COH is the Credit Group Representative under the Master Indenture and acts on behalf of itself and the other Members of the Obligated Group pursuant to the provisions of the Master Indenture.

This executive summary and recommendations include minimum requirements. Additional or more stringent covenants or disclosures may be added following consultation with Authority staff but without further notification to the Authority's Board. These covenants and disclosures cannot be diluted or removed without subsequent review. If there have been modifications to the proposed covenants and disclosures following the preparation of this executive summary, staff will report it at the meeting.

COH will be the borrower under the loan agreements (the "Loan Agreements") to be entered into by COH with the Authority in connection with the issuance of the 2017 Notes. Acting on behalf of itself and the other Members of the Obligated Group, as Credit Group Representative, COH will issue joint and several obligations, the 2017 Obligations under the Master Indenture, to secure the obligations of COH under the Loan Agreements. COH was the borrower under the loan agreements (the "Series 2012B/C Loan Agreements") entered into with the Authority in connection with the Series 2012B/C Bonds and issued Obligations under the Master Indenture, to secure the payments under the Series 2012B/C Loan Agreements.

After reviewing the current finances of the Obligated Group and the Series 2017 Notes transaction and considering the requirements of the purchaser of the 2017 Notes, COH, MUFG Union Bank, N.A., and KNN Public Finance LLC ("KNN") concluded the covenants listed below should be applicable to this transaction. COH and KNN note that the covenants set forth below are consistent with covenants applicable to the Series 2012B/C Bonds and that the Obligated Group's current financial situation does not suggest that additional covenants should be required by the Authority.

**The covenants listed below are applicable to this transaction.**

**Unconditional Promise to Pay; Pledge of Revenues.** COH agrees to pay the Trustee all amounts required for payment of the principal, interest and redemption premium, if applicable, with respect to the proposed 2017 Notes and agrees to pay the additional payments and expenses specified in the Loan Agreements. In addition, COH, acting on behalf of itself and the other Members of the Obligated Group, will issue the 2017 Obligations to secure the obligations of COH to make the payments under the Loan Agreements. All Revenues (which will include payments by COH under the Loan Agreements and payments by the Obligated Group on the 2017 Obligations) and amounts held in the funds and account established under the Indentures (excluding the Bond Purchase Fund and the Rebate Fund) will be pledged to secure the full payment of the proposed 2017 Notes. The purchaser of the proposed 2017 Notes is not requiring a reserve fund and no reserve fund will be established for the proposed 2017 Notes.

**Pledge of Gross Receivables.** Each Member of the Obligated Group has in the Master Indenture granted to the Master Trustee a security interest in the Gross Receivables of the Obligated Group Members.

**Limitation on Liens; Permitted Encumbrances.** Each Member of the Obligated Group has agreed in the Master Indenture not to create, assume or suffer to exist any Lien upon its Property except for Permitted Liens.

**Debt Service Coverage Requirement.** The Master Indenture requires that the Credit Group maintain a Debt Service Coverage Ratio of 1.20.

**Limitations on Indebtedness and Restrictions on Guaranties.** Each Member of the Obligated Group has agreed not to incur Indebtedness unless authorized by various provisions set out in the Master Indenture.

**Limitations on Disposition of Assets.** Each Member of the Obligated Group has covenanted not to voluntarily sell, lease or otherwise dispose of Property in any Fiscal Year other than as authorized by various provisions set out in the Master Indenture.

**Limitations on Merger, Consolidation, Sale or Conveyance.** Each Member of the Obligated Group has agreed not to merge or consolidate with any entity which is not a Member of the Obligated Group or sell or convey all or substantially all of its assets to an entity not a Member of the Obligated Group other than as authorized by the various provisions set out in the Master Indenture.

**Limitations on Withdrawal from the Obligated Group and Entrance into the Obligated Group.** The Master Indenture sets forth certain requirements, including certain financial tests, which must be met for withdrawal from, or entry into, the Obligated Group.

**Staff has reviewed the contents of this financing package and find these documents and proposed covenants to be acceptable. KNN Public Finance, LLC has reviewed the COH Master Indenture and all other documents associated with this financing package and find these documents and proposed covenants to be acceptable.**

#### IV. FINANCIAL STATEMENTS AND ANALYSIS:

**City of Hope and Affiliates**  
**Consolidated Statements of Activities**  
**(In Thousands)**

	<b>As of September 30,</b>		
	<b>2016</b>	<b>2015</b>	<b>2014</b>
<b>Revenues:</b>			
Contributions (including contributions from special events of \$28,617, \$28,263, and \$25,231 in FY 2013, FY 2014 and FY 2015, respectively)	\$ 55,675	\$ 51,694	\$ 56,384
Special event participation revenue	4,885	5,537	5,439
Less: Cost of direct benefits to donors	(6,900)	(7,861)	(6,168)
Contributions and net revenues from special events	53,660	49,370	55,655
Net patient service revenues	1,119,808	1,005,065	798,188
Research grants	87,799	71,703	72,874
Investment income	80,602	76,711	108,818
Net unrealized gains or (losses) on investments	99,551	(123,516)	52,177
Royalty income	333,704	290,887	249,845
Other	22,278	21,878	16,490
Total revenues	1,797,402	1,392,098	1,354,047
<b>Net assets released from restrictions</b>	<b>32,533</b>	<b>35,204</b>	<b>29,531</b>
Total revenues and net assets released from restrictions	1,829,935	1,427,302	1,383,578
<b>Expenses</b>			
Program services			
Patient care	827,035	730,504	609,234
Research	362,759	321,556	303,478
Public information and education	14,037	18,553	16,418
Total program services	1,203,831	1,070,613	929,130
Supporting services:			
Administrative and general	258,386	238,152	183,089
Fundraising	27,326	23,890	22,427
Total supporting services	285,712	262,042	205,516
Total expenses	1,489,543	1,332,655	1,134,646
Changes in net assets	340,392	94,647	248,932
Net assets, beginning of year	2,054,965	1,960,318	1,711,386
<b>Net assets, end of year</b>	<b>\$ 2,395,357</b>	<b>\$ 2,054,965</b>	<b>\$ 1,960,318</b>

City of Hope and Affiliates

Patient Service Revenues for FYE September 30	<b>2016</b>	<b>2015</b>
<b><u>Payor Source</u></b>	<b><u>Percent</u></b>	<b><u>Percent</u></b>
Medicare	23	22
Medi-Cal	16	19
Other third-party payors	61	59
Total	<u>100</u>	<u>100</u>

**City of Hope and Affiliates**  
**Consolidated Statement of Financial Position (In Thousands)**

ASSETS	As of September 30,		
	2016	2015	2014
Current assets:			
Cash and cash equivalents	\$ 121,460	\$ 133,293	\$ 126,607
Investments	1,083,215	811,802	702,862
Self-insurance trust funds	3,581	3,730	3,324
Patient accounts receivable, less allowances for uncollectible accounts of \$8,747 in 2016, \$8,205 in 2015 and \$12,932 in 2014.	243,508	206,151	181,568
Due from third-party payors	3,910	-	-
Grants and other receivables	66,323	49,084	22,239
Donor-restricted unconditional promises to give, net	22,291	18,660	18,199
Prepaid and other	28,886	23,512	18,226
Total current assets	1,573,174	1,246,232	1,073,025
Property and equipment, net	722,720	679,305	704,109
Other assets:			
Investments held for long-term purposes	357,516	371,440	379,648
Board-designated assets	715,191	653,354	662,774
Bond trust funds	-	-	35
Donor-restricted assets:			
Investments	345,912	311,710	290,550
Unconditional promises to give, net	86,841	70,078	53,145
Contributions receivable from annuity and split-interest agreements, net	15,136	8,027	10,294
Other	1,580	1,880	2,340
Intangible assets	2,768	4,020	5,270
Goodwill	-	-	30,137
Other long-term assets	44,920	42,206	32,754
Total other assets	1,569,864	1,462,715	1,466,947
<b>Total assets</b>	<b>\$ 3,865,758</b>	<b>\$ 3,388,252</b>	<b>\$ 3,244,081</b>
<b>LIABILITIES AND NET ASSETS</b>			
Current liabilities			
Accounts payable and accrued liabilities	\$ 139,769	\$ 85,599	\$ 84,489
Accrued salaries, wages, and employee benefits	58,269	53,673	55,837
Long-term debt, current portion	90,571	72,549	73,726
Deferred revenue	23,117	13,990	7,923
Due to third-party payors	-	8,019	2,062
Other	405	293	478
Total current liabilities	312,131	234,123	224,515
Long-term debt, net of current portion	618,303	630,176	636,925
Annuity and split-interest agreement obligations	17,264	16,846	17,574
Deferred rent	10,648	-	-
Interest rate swap	16,952	-	-
Other	38,111	57,915	47,795
Total liabilities	1,013,409	939,060	926,809
Net assets:			
Unrestricted	2,395,357	2,054,965	1,960,318
Temporarily restricted	288,549	224,424	204,023
Permanently restricted	168,443	169,803	152,931
Total net assets	2,852,349	2,449,192	2,317,272
<b>Total liabilities and net assets</b>	<b>\$ 3,865,758</b>	<b>\$ 3,388,252</b>	<b>\$ 3,244,081</b>

**Financial Ratios:**

	<b>Proforma</b>			
	<b>FYE September 30,</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
Debt Service Coverage	8.09	8.09	5.04	5.07
Debt to Unrestricted Net Assets	0.30	0.30	0.34	0.36
Margin (%)		18.60	6.63	17.99
Current Ratio		5.04	5.32	4.78



The audited, combined financial statements of the Obligated Group were analyzed in this section. The Obligated Group comprises approximately 99% of the total assets and 97% of the total revenues of the combined financials.

### **Financial Discussion - Statement of Activities (Income Statement)**

**COH's income statement appears to exhibit consistently solid operating results with revenue growth over the review period.**

From FY 2014 to FY 2016, COH's revenues and expenses increased in-line. Revenues appear to have grown from \$1.35 billion in FY 2014 to approximately \$1.79 billion in FY 2016, an increase of roughly 32.7% while expenses appear to have also grown from approximately \$1.1 billion in FY 2014 to approximately \$1.48 billion in FY 2016, an increase of roughly 31.3%. According to COH, the expense and revenue growth can both be attributed to volume growth and recent expansion resulting from COH's current strategic plan of increased community presence. This recent expansion is also reflected in net patient service revenues and net assets. Net patient service revenues increased from approximately \$798 million in FY 2014 to approximately \$1.1 billion in FY 2016 and net assets grew from approximately \$1.7 billion in FY 2014 to approximately \$2.0 billion in FY 2016.

#### **Particular Facts to Note:**

- Royalty income increased from approximately \$250 million in FY 2014 to approximately \$333 million in FY 2016. According to COH, royalty income increased between the two fiscal years due to increased sales of licensed technology and receipt of certain one-time payments under COH's licensing agreement with Genentech.
- In FY 2015, COH appears to have a loss of roughly \$123 million categorized as net unrealized losses on investments, a fluctuation from FY 2014, where unrealized investment changes appeared to display a gain of approximately \$52 million. Investment income appears to have fluctuated, as well, between FY 2014 and FY 2015, from approximately \$109 million in FY 2014, then to approximately \$76 million in FY 2015. According to COH, this fluctuation in investment market returns can be attributed to market conditions. In FY 2016, COH experienced an unrealized gain on investments of approximately \$99 million and investment income of approximately \$81 million, displaying improved investment results.

## **Financial Discussion - Statement of Financial Position (Balance Sheet)**

**COH appears to be in a strong financial position with a solid ability to service its debt obligations with an operating pro-forma debt service coverage ratio of 8.09x.**

COH's balance sheet appears to display growth with total net assets increasing from approximately \$2.3 billion in FY 2014 to approximately \$2.85 billion in FY 2016 resulting from increases in both assets and liabilities gained through recent expansion. COH's debt to unrestricted net assets ratio improved from FY 2014 to FY 2016, moving from approximately .36x to roughly .30x, indicating a healthy financial position.

### **Particular Facts to Note:**

- Grants and other receivables appear to have increased from approximately \$22 million in FY 2014 to approximately \$49 million in FY 2015 and approximately \$66 million in FY 2016. According to COH, this increase is related to hospital provider fee receivables totaling \$26.7 in FY 2015 and \$34.2 million in FY2016.
- Other liabilities appear to have increased from approximately \$47 million in FY 2014 to approximately \$57 million in FY 2015, an increase of approximately 20%. According to COH, this increase is mainly related to changes in the fair value of interest rate swap agreements of \$8.5 million, deferred rent for administrative building in the amount of \$5.3 million, and unqualified 457b and 457f plans in the amount of \$4 million. Other liabilities increased to approximately \$65.7 million in FY 2016 with \$5.9 million of the increase due to change in fair value of interest rate swap.
- Bond Trust Funds as well as Goodwill both appear to have decreased to zero between FY 2014 and FY 2015. According to COH, Bond Trust Funds decreased in FY 2015 due to COH drawing down the proceeds of the Series 2012 bond issue. Additionally, according to COH, Goodwill was booked in FY 2011 in connection with the formation of the COH Medical Foundation when COH acquired substantially all of the assets of California Cancer Specialists Medical Group and Oncology Specialists of COH. Upon completion of the quantitative impairment assessment, the Affiliated Group determined that the impairment was indicated as the estimated fair value of the reporting unit with Goodwill did not exceed the carrying value of the Goodwill.

#### IV. DUE DILIGENCE:

Due diligence has been completed with regard to the following items:

- **Section 15438.5(a) of the Act (Savings Pass Through):** COH properly completed and submitted the “Pass-Through Savings Certification.”
- **Section 15491.1 of the Act (Community Service Requirement):** COH properly completed and submitted this certification and indicated that Medi-Cal and Medicare patients are accepted.

City of Hope strives to decrease health disparities in its service area in multiple ways, from creating an institution-wide emphasis on community benefit to organizing thoughtful collaborations to address root causes of barriers to good health. In FY 2015, the total value of COH’s community benefit investments was \$96,392,050.

Below is the link for COH’s Community Benefit Website:

<https://www.cityofhope.org/about-city-of-hope/community/community-benefit>

- **Compliance with Seismic Regulations:** COH properly submitted a description of how it is complying with the Office of Statewide Health Planning Development’s seismic regulations requirement.
- **Compliance with Section 15455(b) of the Act (California Environmental Quality Act):** Due to refunding of CHFFA debt, CEQA documentation is not applicable to this particular financing.
- **Religious Affiliation Due Diligence:** COH properly completed and submitted relevant documentation to meet the religious due diligence requirement.
- **Legal Review:** COH properly completed and submitted relevant documentation for the Authority’s Legal Questionnaire.
- **Iran Contracting Act Certificate:** The direct placement purchaser properly submitted the certificate to the Authority.

**EXHIBIT 1**  
**FINANCING TEAM**

**Borrower:** City of Hope

**Issuer's Agent for Sale:** California State Treasurer

**Issuer's Counsel:** Office of the Attorney General

**Issuer's Financial Advisor:** KNN Public Finance, LLC

**Issuer's Financial Analyst:** Macias, Gini & O'Connell, LLP

**Note Counsel:** Orrick, Herrington & Sutcliffe, LLP

**Direct Placement Purchaser:** MUFG Union Bank, N.A.

**Bank Counsel:** Chapman and Cutler, LLP

**Trustee:** MUFG Union Bank, N.A.

**Note Purchaser Counsel:** Hawkins, Delafield & Wood, LLP

**Auditor:** Ernst & Young LLP

**EXHIBIT 2**  
**PROJECT SITES**

1. 1450 E. Duarte Road, Duarte, California 91010
2. 1500 E. Duarte Road, Duarte, California 91006
3. 1710 Flower Street, Duarte, California 91010
4. 2144 Buena Vista Street, Duarte, California 91010
5. 2240 Buena Vista Street, Irwindale, California 91010
6. 2250 Buena Vista Street, Irwindale, California 91010
7. 4910 Rivergrade Road, Irwindale, California 91706
8. 1055 Wilshire Boulevard, Los Angeles, California 90017
9. 800 Royal Oaks Drive, Monrovia, California 91016

### EXHIBIT 3

#### UTILIZATION STATISTICS

##### City of Hope and Affiliates

The following table shows utilization statistics of COH for the fiscal years ended September 30, 2014, 2015, and 2016.

##### City of Hope and Affiliates

	As of September 30,		
	2014	2015	2016
Discharges	5,485	6,034	6395
Adjusted Patient Days	119,208	129,319	143317
Occupancy	85.5%	87.1%	85.1%
Bone Marrow Transplant Cases <sup>1</sup>	544	617	703
Bone Marrow Transplant Length of Stay <sup>1</sup>	31.5	31.1	33.4
Non-Bone Marrow Transplant Length of Stay	7.7	8.1	8.1
Surgery Cases (Medical Center) <sup>2</sup>	8,146	8,623	9,219
Outpatient Visits and Infusions (Medical Center)	179,939	187,474	205,777
Outpatient Visits and Infusions (Medical Foundation)	42,413	106,340	126,742

<sup>1</sup> Includes outpatient bone marrow transplants cases of 11 and 44 and 84 for 2014, 2015, and 2016, respectively

<sup>2</sup> Includes surgeries and procedures performed in operating rooms (endoscopy and interventional radiology)

**EXHIBIT 4**  
**OUTSTANDING DEBT**  
**City of Hope**

<u>Date Issued</u>	<u>Original Amount</u>	<u>Amount Outstanding As of September 30, 2015</u>	<u>Estimated Amount Outstanding after Proposed Financing</u>
<b>-EXISTING LONG-TERM DEBT:</b>			
CHFFA 2012A Bonds	\$ 234,635,000	\$ 229,715,000	\$ 229,715,000
CHFFA 2012B Bonds	32,500,000	32,500,000	-
CHFFA 2012C Bonds	32,500,000	32,500,000	-
Direct Obligation Notes	350,000,000	350,000,000	350,000,000
Capital Lease Obligations	37,294,000	37,294,000	37,294,000
<b>- PROPOSED NEW DEBT:</b>			
<i>CHFFA 2017 Series A/B</i>			<b>65,500,000</b>
<b>- TOTAL DEBT</b>		<b>\$ 682,009,000</b>	<b>\$ 682,509,000</b>

## EXHIBIT 5

### BACKGROUND AND LICENSURE

#### **Background**

City of Hope (“COH”) is a California nonprofit public benefit corporation (the “Corporation”), with its affiliates City of Hope National Medical Center (the “Medical Center”), City of Hope Medical Foundation (the “Medical Foundation”), the Beckman Research Institute of the City of Hope (the “Beckman Institute” and, together with COH, the Medical Center and the Medical Foundation, “City of Hope”), operates a clinical and research enterprise focused on transforming scientific discoveries into better prevention strategies and better treatments for patients with cancer, diabetes and other life threatening diseases. COH’s research enterprise, encompassing from bench research in the laboratory, clinical trials in patients, and genetic cancer risk assessment and cancer survivorship research and its clinical enterprise, from the Medical Center’s hospital in Duarte, California to the Medical Foundation’s community practices, are the foundation for COH’s National Cancer Institute (“NCI”)-designated Comprehensive Cancer Center.

The Corporation, the Medical Center, the Medical Foundation and the Beckman Institute are the initial members of an Obligated Group created pursuant to a master trust indenture (the “Master Indenture”). Members of the Obligated Group will be jointly and severally liable for the outstanding debt secured under the Master Indenture. There are no current plans to add any other members to the Obligated Group or any Designated Affiliates to the Credit Group.

COH’s main campus is in Duarte, California, approximately 20 miles northeast of downtown Los Angeles. The main campus includes an acute care tertiary hospital and facilities for research and outpatient treatment located on more than 100 landscaped acres. In this setting, physicians and scientists collaborate to discover, develop and implement strategies for the prevention and treatment of cancer and other catastrophic diseases. In addition, the Medical Foundation operates clinics in a number of locations, taking the results of COH’s scientific and clinical expertise into local communities.

The Medical Center dates back to 1913, when it was founded as a tuberculosis sanitarium on its present site in Duarte, California. The Medical Center expanded its research and treatment programs to other chronic diseases in the late 1940s, as tuberculosis ceased to be a major health threat. It was during this period that the Medical Center was incorporated and began to focus on specialized cancer research and treatment. In 1979, a medical research organization, which later became the Beckman Institute, was organized as a California nonprofit public benefit corporation to conduct basic scientific research activities. In 1980, fundraising activities were moved from the Medical Center into the newly-formed Corporation.

#### **Licensure, Certification and Accreditation**

The Medical Center is accredited by The Joint Commission and the College of American Pathologists. The Medical Center’s hospital, Helford Clinical Research Hospital, is licensed by the California Department of Public Health. The Medical Center also operates a Hematopoietic Cell Transplantation Program that is accredited by the Foundation for the Accreditation of Cellular Therapy. The Irell & Manella Graduate School of Biological Sciences, which awards the degree of Doctor of Philosophy in biological sciences, is accredited by the Western Association of Schools and Colleges.



## **RESOLUTION NO. 424**

### **RESOLUTION OF THE CALIFORNIA HEALTH FACILITIES FINANCING AUTHORITY AUTHORIZING THE ISSUANCE OF REVENUE BONDS/NOTES FOR CITY OF HOPE AND CERTAIN OF ITS AFFILIATES**

WHEREAS, the California Health Facilities Financing Authority (the “Authority”), a public instrumentality of the State of California, is authorized and empowered by the provisions of the California Health Facilities Financing Authority Act (the “Act”) to issue revenue bonds and loan proceeds thereof to any participating health institution to finance the construction, expansion, remodeling, renovation, furnishing, equipping and acquisition of health facilities, including by reimbursing expenditures made for such purpose, to refinance indebtedness of a participating health institution in connection therewith and to refund any outstanding bonds or any outstanding series or issue of bonds of the Authority;

WHEREAS, City of Hope (the “Corporation”) is a nonprofit public benefit corporation duly organized and existing under the laws of the State of California, which owns and operates health care facilities in the State of California and is affiliated with the City of Hope National Medical Center, the Beckman Research Institute of the City of Hope, and City of Hope Medical Foundation, each a California nonprofit public benefit corporation;

WHEREAS, the Corporation has requested that the Authority issue one or more series of its revenue bonds/notes in an aggregate principal amount not to exceed \$65,500,000 for the purposes of (1) refinancing all or any portion of the following indebtedness previously issued by the Authority for the benefit of the Corporation or its affiliates (i) California Health Facilities Financing Authority Variable Rate Revenue Bonds (City of Hope), Series 2012B (the “Series 2012B Bonds”) and (ii) California Health Facilities Financing Authority Variable Rate Revenue Bonds (City of Hope), Series 2012C (the “Series 2012C Bonds” and, collectively with the Series 2012B Bonds, the “Prior Bonds”), the proceeds of which were used to finance or refinance projects (as defined in the Act) (the “Prior Project”) undertaken for health facilities (as defined in the Act) as more particularly described under the caption “Prior Project” in Exhibit A hereto; (2) paying costs of issuance for the Bonds (defined below), if desired by the Corporation; and (3) funding a debt service reserve fund for the Bonds, if desired by the Corporation;

WHEREAS, to the extent required by subdivision (b) of Section 15455 of the Government Code, the Corporation has provided documentation to the Authority demonstrating, to the extent applicable, that the Prior Project has complied with Division 13 (commencing with Section 21000) of the Public Resources Code or is not a “project” under such division; and

WHEREAS, approval of the terms of issuance and sale of such revenue bonds and various related matters is now sought;

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

SECTION 1. Pursuant to the Act, revenue bonds of the Authority designated as the “California Health Facilities Financing Authority Variable Rate Revenue Bonds/Notes (City of Hope), Series 2017” (the “Bonds”), in a total aggregate principal amount not to exceed \$65,500,000, are hereby authorized to be issued from time to time, in one or more series, with such other name or names of the Bonds or series thereof as designated in the indenture or indentures pursuant to which each series of the Bonds will be issued. The proceeds of the Bonds shall be used for any or all of the purposes set forth in the third WHEREAS paragraph above.

SECTION 2. The Treasurer of the State of California (the “Treasurer”) is hereby authorized to enter into agreements to sell the Bonds in one or more series, on one or more sale dates, at any time prior to the first anniversary of the adoption of this Resolution, at private sale, in such aggregate principal amounts (not to exceed the aggregate principal amount set forth in Section 1) and in such series, at such prices (so long as the discount on the Bonds sold shall not exceed 6 percent of the par value thereof) and at such fixed and/or variable interest rate or rates as the Treasurer, with the advice and consent of the Corporation, may determine. The Bonds will not at issuance be rated by any rating agency. The Bonds or any series of them may, at the sole option of the Corporation, be secured or supported by a debt service reserve fund, by bond insurance, one or more credit facilities, one or more liquidity facilities or other security arrangements meeting the terms of the indenture pursuant to which such Bonds will be issued.

SECTION 3. The following documents:

(a) one or more Loan Agreements relating to the Bonds, (the “Loan Agreements”), between the Authority and the Corporation,

(b) one or more Indentures relating to Bonds (the “Indentures”), between the Authority and MUFG Union Bank, N.A., as bond trustee (the “Trustee”), and

(c) one or more Note Purchase Contracts, including the exhibits thereto, relating to the Bonds (the “Purchase Contracts”), among MUFG Union Bank, N.A. or other affiliate thereof (the “Purchaser”), the Treasurer and the Authority, and approved by the Corporation,

are hereby approved in substantially the forms on file with the Authority prior to this meeting, with such insertions, deletions or changes therein (including, without limitation, insertions, deletions or changes therein appropriate to reflect the terms of a debt service reserve fund, bond insurance, credit facility, liquidity facility and/or another security arrangement, at the sole option of the Corporation, if any, for any series of Bonds) as the officer executing the same may require or approve, such approval to be conclusively evidenced by execution and delivery thereof. The Executive Director shall seek the advice of bond counsel and counsel to the Authority with respect to any such insertions, deletions or changes therein.

SECTION 4. The Authority specifically finds and declares that the findings of the Authority set forth in the Loan Agreements are true and correct.

SECTION 5. The dated dates, maturity dates (not exceeding 40 years from the respective date of issue), interest rates, methods of determining the interest rate from time to time, interest payment dates, denominations, forms, registration privileges or requirements, place or places of payment, terms of tender or purchase, terms of redemption, provisions governing transfer and other terms of the Bonds, including provisions for a debt service reserve fund, bond insurance, credit facility or liquidity facility, as applicable, from time to time, shall be as provided in the respective Indentures, as finally executed.

SECTION 6. The Bonds, when executed, shall be delivered to the Trustee for authentication by the Trustee. The Trustee is hereby requested and directed to authenticate the Bonds by executing the Trustee's Certificate of Authentication appearing thereon, and to deliver the Bonds, when duly executed and authenticated, to or upon direction of the Purchaser thereof in accordance with written instructions executed on behalf of the Authority, which instructions are hereby approved. Said instructions shall provide for the delivery of the Bonds to or upon direction of such Purchaser, as determined and confirmed by the Treasurer, upon payment of the purchase price thereof.

SECTION 7. Each officer of the Authority is hereby authorized and directed, for and in the name of and on behalf of the Authority, to do any and all things which they may deem necessary or advisable in order to consummate the issuance, sale, and delivery of the Bonds and otherwise to effectuate the purposes of this Resolution and the Indentures, the Loan Agreements and the Purchase Contracts. The Authority hereby approves any and all documents to be delivered in furtherance of the foregoing purposes, including, without limitation: (a) tax certificates and agreements and other certifications; and (b) any agreement or commitment letter with respect to the provisions of bond insurance, a letter of credit, a credit facility a liquidity facility and/or a surety bond, if applicable, for the Bonds.

SECTION 8. The provisions of the Authority's Resolution No. 2017-01 apply to the documents and actions approved in this Resolution.

SECTION 9. Orrick, Herrington & Sutcliffe, LLP, bond counsel to the Authority, and the trustee for the Prior Bonds, are each hereby authorized, on behalf of the Authority, to subscribe for United States Treasury Securities – State and Local Government Series or to solicit bids for debt securities, which may be used to defease or redeem any or all of such Prior Bonds.

SECTION 10. The Authority hereby approves and ratifies each and every action taken by its officers, agents and employees prior to the date hereof in furtherance of the purposes of this Resolution.

SECTION 11. This Resolution shall take effect from and after the date of adoption.

**Date of Adoption:** \_\_\_\_\_

## **EXHIBIT A**

“Prior Project” means the financing or refinancing of the acquisition, construction, expansion, remodeling, renovation, furnishing and equipping of certain facilities owned or leased and operated by the Corporation, Beckman Research Institute of the City of Hope, the City of Hope Medical Foundation and/or the City of Hope National Medical Center located generally at 1450 and 1500 E. Duarte Road, Duarte, California, 1710 Flower Street, Duarte, California, 2144 Buena Vista Street, Duarte, California, 2240 Buena Vista Street, Irwindale, California, 2250 Buena Vista Street, Irwindale, California, 4910 Rivergrade Road, Irwindale, California, 1055 Wilshire Boulevard, Los Angeles, California, and 800 Royal Oaks Drive, Monrovia, California.