

**CHFFA REVENUE BOND FINANCING PROGRAM
EXECUTIVE SUMMARY**

Applicant: AltaMed Health Services Corporation (“AltaMed”)
2040 Camfield Avenue
Los Angeles, CA 90040
Los Angeles County

Amount Requested: \$ 23,000,000
Requested Loan Term: Up to 7 years
Authority Meeting Date: October 25, 2018
Resolution Number: E-26

Project Sites: (See Exhibit 2)

Facility Type: Non-profit corporation operating community clinics

Eligibility: Health Facility pursuant to Government Code Section 15432(d)(6)

Prior Borrower: Yes (Date of last CHFFA Issue, July 2015)

Background: AltaMed is a non-profit community health center founded in 1969 as a volunteer-staffed, storefront clinic in East Los Angeles, CA. AltaMed has since grown into the largest unaffiliated non-profit Federally Qualified Health Center (FQHC) in California and provides services that include primary care, oral health, and *Program of All-inclusive Care for the Elderly (PACE)*. AltaMed provides medical and dental services to predominantly low-income Latino, multi-ethnic and underserved communities throughout Los Angeles and Orange Counties. (See Exhibit 5 for additional background and licensing information)

Use of Proceeds: Note proceeds will be used to finance the purchase of equipment. Additionally, note proceeds will finance the cost of the acquisition and implementation of a new cloud-based electronic medical record system.

Type of Issue – Notes: Private placement of tax-exempt equipment notes
Expected Credit Rating: Unrated – (please see Guideline discussion on page 3)
Financing Team: See Exhibit 1 to identify possible conflicts of interest

Financial Overview: AltaMed’s income statement appears to exhibit positive operating results during the review period from FY 2016 to FY 2018. AltaMed appears to have a solid financial position with a proforma operating debt service coverage ratio of 4.81x.

<u>Estimated Sources of Funds:</u>		<u>Estimated Uses of Funds:</u>	
Par amount of equipment note proceeds	\$23,000,000	Equipment	\$ 23,000,000
Borrower funds	<u>200,000</u>	Financing costs	<u>200,000</u>
Total Estimated Sources	<u>\$23,000,000</u>	Total Estimated Uses	<u>\$ 23,200,000</u>

Due Diligence: Staff has received and reviewed the Eligibility, Legal Review, Religious Due Diligence, Savings Pass Through, and Community Service Obligation documentation. All documentation satisfies the Authority’s requirements.

Staff Recommendation: Staff recommends the Authority approve Resolution Number E-26 in an amount not to exceed \$23,000,000 subject to the conditions in the resolution. TAP International, Incorporated, the Authority’s financial analyst, and KNN Public Finance, LLC, the Authority’s financial advisor, concur with the Authority’s staff recommendation.

I. PURPOSE OF FINANCING:

As part of its overall expansion plans, AltaMed will use proceeds from tax-exempt notes to take advantage of current low interest rates while preserving capital. AltaMed’s medical and dental clinic in Anaheim is currently at capacity, prompting a move to a larger 90,000 square foot facility. The building will house a full scope medical, dental, urgent care, pharmacy, and a new PACE program in Orange County. Additionally, the building will house the relocation of approximately 30,000 square foot of leased corporate administrative space. The location is ideally suited and situated to continue service to existing patients as well as reach new medically-underserved populations. AltaMed will issue a \$49 million taxable loan with Bank of America for acquisition and construction costs associated with the new Anaheim facility. AltaMed will issue tax-exempt notes through the Authority to finance the purchase of equipment for the new location as well as an electronic medical records system.

***Equipment*..... 23,000,000**

AltaMed will use tax-exempt note proceeds to finance the purchase of medical equipment including exam beds, x-ray machines, dental chairs, and other general medical and dental supplies for use at its community clinic. AltaMed will also purchase furniture and office equipment including desks, tables, chairs, computers, and information technology equipment to be used at its community clinic and related administrative facilities located at 1325 North Anaheim, Anaheim, CA 92801.

Additionally, AltaMed will finance the cost of the acquisition and implementation of a new cloud-based electronic medical records system that is expected to be accessible by the Corporation at all of its locations.

***Financing costs* 200,000**

- *Estimated cost of issuance*..... \$200,000

***Total Estimated Uses of Funds* \$23,200,000**

II. GUIDELINE DISCUSSION:

The AltaMed Series 2018 Revenue Notes (the “Notes”) will be an unrated, direct bank placement with Banc of America Public Capital Corp (“BAPCC”). The following guidelines have been applied to the issuance of the Notes:

- Must be privately placed with and transferred only to an Affiliate⁽¹⁾ or a “Qualified Institutional Buyer” as defined by SEC Rule 144A, promulgated under the Securities Act of 1933;
- No partial transfers of Notes⁽²⁾;
- Notes are non-recourse; only secured by financed Equipment and escrowed funds;
- Investor Letter required at issuance;
- Notes transfer restrictions must be noted conspicuously on the Notes themselves; and
- Notes must be physically delivered.

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

- (1) Affiliate – means, with respect to the Lessor, any entity that directly or indirectly, controls, or is controlled by, or is under common control with, the Lessor. An entity shall be deemed to control another entity for the purpose of this definition if such first entity possesses, directly or indirectly, the power to direct, or cause the direction of the management and policies of the second entity, whether through the ownership of voting securities, common directors, trustees or officers, by contract otherwise.
- (2) AltaMed requested an exception to the Authority’s Guidelines for Unrated Debt for this transaction to exclude the minimum denomination of \$250,000. The minimum denomination does not apply as there will be a single Note in the total aggregate par amount and the Note cannot be partially transferred.

Staff has completed its due diligence, and KNN has reviewed the Master Financing Agreement, Equipment Schedule No. 2, Escrow Agreement, and prior AltaMed offering documents associated with this financing package and found these documents and proposed guidelines for unrated debt to be acceptable.

III. FINANCIAL STATEMENTS AND ANALYSIS:

AltaMed Health Services Corporation
Statement of Activities

	For the Year Ended April 30,		
	2018	2017	2016
Change in unrestricted net assets			
Unrestricted revenues, gains and other support			
Net patient service revenue	\$ 132,055,451	\$ 152,256,354	\$ 142,856,359
Managed care contracts	470,702,332	390,018,389	339,945,119
Government grants and contracts	31,541,891	28,461,964	27,619,392
Pharmacy revenue	40,369,502	37,261,956	33,759,235
Contributions and other support	672,528	731,619	807,314
Other income	3,380,667	2,307,717	2,772,961
Net assets released from restrictions	664,560	1,163,537	1,107,471
Total operating revenues	<u>679,386,931</u>	<u>612,201,536</u>	<u>548,867,851</u>
Expenses			
Salaries and benefits	240,163,477	213,747,616	191,554,342
Specialty services	163,168,960	144,488,974	107,903,040
Medical services	60,151,093	51,793,367	44,386,828
Pharmacy/medical supplies	48,293,765	44,930,681	41,467,235
Administrative services	31,388,338	22,273,702	17,855,653
Depreciation and amortization	12,070,654	11,251,311	9,968,147
Rent	7,825,702	6,467,488	7,268,540
Equipment rental	7,181,839	7,062,436	6,447,090
Patient transportation	4,582,967	4,224,812	3,643,958
Utilities and facilities	3,263,731	2,784,817	2,988,433
Telephone	4,496,100	4,193,019	3,631,063
Health promotion/education	8,119,349	6,413,258	3,972,672
Insurance	4,003,217	3,403,565	3,032,156
Office/facility and other supplies	3,293,280	3,041,021	2,910,346
Minor equipment	2,826,035	2,125,226	2,627,304
Staff development	4,189,435	4,086,927	3,012,378
Purchased services	692,631	859,780	543,032
Postage/printing	2,030,725	1,681,619	1,589,364
Interest	3,160,264	2,407,745	1,518,619
Therapeutic services	235,114	211,282	252,846
Amortization of intangible assets	150,000	196,674	199,992
Indirect/offset	-	-	-
Other expenses/interdepartment transfer	3,556,871	3,791,485	4,010,642
Total expenses	<u>614,843,547</u>	<u>541,436,805</u>	<u>460,783,680</u>
Change in unrestricted net assets before other gains	64,543,384	70,764,731	88,084,171
Other gains and losses - net			
Change in fair value of marketable securities and investments	11,560,387	14,202,005	(4,646,265)
Change in fair value of interest rate swap	301,011	316,061	39,738
Interest and dividends	5,822,021	4,596,381	3,449,652

Continued

	2018	2017	2016
Loss from disposal of property and equipment	(60,024)	(7,042)	(11,192)
Other gains and losses - net	17,623,395	19,107,405	(1,168,067)
Change in unrestricted net assets before provision for income tax	82,166,779	89,872,136	86,916,104
Provision for income tax			
Current	197,654	1,790,192	247,228
Deferred	132,543	375,024	125,007
Total provision for income tax	330,197	2,165,216	372,235
Changes in temporarily restricted net assets			
Contributions and other support	1,120,886	757,340	983,495
Net assets released from restrictions	(664,560)	(1,163,537)	(1,107,471)
Change in temporarily restricted net assets	456,326	(406,197)	(123,976)
Change in net assets	82,292,908	87,300,723	86,419,893
Net assets			
Net assets, beginning of the period	386,882,823	299,582,100	215,295,650
Issuance of Stocks	-	-	1,000
Net assets, end of period	\$ 469,175,731	\$ 386,882,823	\$ 301,716,543

For fiscal year end April 30,

Payer Source	% Patient Service Revenue		Patient Days*			
	2018	2017	2018		2017	
			Total	%	Total	%
Medicare	3.45	3.91	-	0.0	-	0.0
Medi-Cal	91.2	91.26	-	0.0	-	0.0
Commerical Programs	2.96	2.43	-	0.0	-	0.0
Other Payers	2.36	2.41	-	0.0	-	0.0
Total	100	100	-		-	

*Patient Days are not applicable for Alta Med, as they are a network of community care clinics, not an acute care hospital.

AltaMed Health Services Corporation
Statement of Financial Position

	As of April 30,		
	2018	2017	2016
Assets			
Current assets			
Cash and cash equivalents	\$ 24,115,774	\$ 15,926,263	\$ 85,505,198
Marketable securities	377,476,426	295,326,114	144,003,880
Grants and contracts receivable	5,727,394	4,817,397	4,349,629
Patient accounts receivable, net	9,925,893	19,911,687	29,839,518
Managed care receivables	24,888,761	25,965,941	12,464,907
Contribution and other receivables	2,086,939	2,380,204	2,434,929
Notes receivable	80,000	124,999	484,566
Inventories	1,368,775	821,233	1,017,954
Current portion of assets limited as to use	39,232,109	1,996,118	1,836,771
Prepaid expenses	4,107,030	1,137,212	3,477,569
Total current assets	<u>489,009,101</u>	<u>368,407,168</u>	<u>285,414,921</u>
Noncurrent assets			
Property and equipment, net	175,770,954	155,255,253	135,316,572
Noncurrent portion of notes receivable	46,462	46,462	-
Loans and accrued interest receivable	28,412,182	24,604,839	20,602,056
Investments	9,351,490	6,667,105	5,233,101
Assets limited as to use	23,263,859	22,290,128	39,414,748
Deposits	131,345,277	13,134,527	13,131,064
Deferred financing costs	2,571,743	2,548,196	2,454,275
Total assets	<u>\$ 741,560,318</u>	<u>\$ 592,953,678</u>	<u>\$ 501,566,737</u>
Liabilities and Net Assets			
Current liabilities			
Bank revolving line of credit	\$ -	\$ -	\$ 1,500,000
Accounts payable and accrued expenses	35,025,585	31,454,296	24,704,846
Income tax payable	-	845,825	321,981
Accrued salaries and employee benefits	22,624,145	19,174,194	18,625,563
Estimated payables to third-party payor	9,384,131	7,198,288	6,872,912
Claims payable	39,521,066	35,492,298	29,867,513
Grant and contract advances	48,756,267	1,541,646	6,216,912
Current portion of long-term debt	5,933,188	5,294,649	4,949,215
Total current liabilities	<u>161,244,382</u>	<u>101,001,196</u>	<u>93,058,942</u>
Noncurrent liabilities			
Deferred tax liability	609,652	500,031	125,007
Interest rate swap	455,128	756,139	1,072,200
Long term debt, net of current portion	105,511,985	100,503,535	105,331,801
Other long-term liabilities	4,563,440	3,309,954	2,396,687
Total noncurrent liabilities	<u>111,140,205</u>	<u>105,069,659</u>	<u>108,925,695</u>
Total liabilities	<u>272,384,587</u>	<u>206,070,855</u>	<u>201,984,637</u>

Continued

	2018	2017	2016
Net assets			
Equity	1,000	1,000	1,000
Unrestricted	462,409,769	381,137,090	295,873,182
Temporarily restricted	2,702,213	2,245,887	2,652,084
Retained earnings	4,062,749	3,498,846	1,055,834
Total net assets	<u>469,175,731</u>	<u>386,882,823</u>	<u>299,582,100</u>
Total liabilities and net assets	<u>\$ 741,560,318</u>	<u>\$ 592,953,678</u>	<u>\$ 501,566,737</u>

Financial Ratios:

	Proforma^(a)			
	FYE April 30, 2018	2018	2017	2016
Debt Service Coverage - Operating (x)	4.81	9.44	11.48	21.27
Debt Service Coverage - Net (x)	5.87	11.52	14.07	21.02
Debt to Unrestricted Net Assets (x)	0.40	0.24	0.28	0.37
Operating Margin (%)		9.50	11.56	15.72
Current Ratio (x)		3.03	3.65	3.07

^(a) Recalculates FY 2018 audited results to include the impact of the proposed tax-exempt note and taxable loan financing.

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Financial Discussion - Statement of Activities (Income Statement)

AltaMed's income statement appears to exhibit positive operating results during the review period from FY 2016 to FY 2018.

AltaMed's total revenue increased by 24% from approximately \$548.9 million in FY 2016 to approximately \$679.4 million in FY 2018, driven by an increase in net patient services revenue, pharmacy revenue, and managed care revenue. According to AltaMed's management, the increase in revenue over the review period is mainly due the increase in clinic visits, pharmacy program, and enrollment growth for both Managed Care and PACE. Total operating expenses increased by 33% from approximately \$460.8 million in FY 2016 to approximately \$614.8 million in FY 2018. The increase in total operating expenses was driven by increased clinical visits, enrollment growth for both Managed Care and PACE and expanded pharmacy programs, which resulted in increases in headcount for employees, usage of third party professional services, pharmacy and medical supply cost, and certain administrative costs. In addition, new medical and dental clinic locations such as South Gate, Goodrich and Westlake were opened during the review period.

Particular Facts to Note:

- Patient service revenue decreased from approximately \$142.9 million in FY 2016 to approximately \$133.6 million in FY 2018. According to AltaMed's management, the decrease in patient service revenue was due to contractual reserves of approximately \$16.8 million related to Prospective Payment System ("PPS") reconciliation adjustments.
- Managed care revenue grew at a significant rate, from approximately \$339.9 million in FY 2016 to approximately \$470.7 million in FY 2018. Membership in Managed Care increased from 196,601 individuals in FY 2016 to 219,744 individuals in FY 2018. PACE membership also increased over this same period from 2,037 individuals to 2,471 individuals. According to AltaMed's management, the membership increases are mainly attributable to the increase in various health plan membership and enrollment for continued expansion of AltaMed's PACE program.
- Salaries and benefits increased 25.3% from approximately \$191.6 million in FY 2016 to approximately \$240.2 million in FY 2018. According to AltaMed's management, employee headcount increased from 2,235 in FY 2015 to 2,753 in FY 2018, or 23.2%, as a result of AltaMed's continued growth in health services, managed care, and PACE programs and certain administrative support functions.
- Specialty services increased 51.2% from approximately \$107.9 million in FY 2016 to approximately \$163.2 million in FY 2018. According to AltaMed's management, the variance is split between the PACE program and Managed Care, mainly due to increases in membership and related claim payments for specialty services.

Financial Discussion - Statement of Financial Position (Balance Sheet)

AltaMed appears to have a solid financial position with a proforma operating debt service coverage ratio of 4.81x.

Over the review period, AltaMed's balance sheet grew with total net assets increasing from approximately \$299.6 million in FY 2016 to \$469.2 million in FY 2018, an increase of approximately 57%. AltaMed's management attributes the increase in total net assets to favorable operating results, while the increase in total assets over the review period of \$240 million can be attributed to investment of marketable securities due to increases in invested operating cash flow as well as increases in property and equipment for new medical facilities.

The operating debt service coverage ratio appears to be a solid 9.44x. With the proposed tax-exempt note and taxable loan financing, the proforma operating debt service coverage ratio continues to be solid at 4.81x.

Particular Facts to Note:

- Cash and cash equivalents decreased from nearly \$85.5 million in FY 2016 to just about \$24.1 million in FY 2018. AltaMed's management mentions this is due to various non-financed capital projects, payment on bond interest, and investment of operating and non-operating cash flows. During the past three years, they have constructed and opened various clinics, PACE locations, and administrative locations.
- Patient accounts receivable decreased from approximately \$29.8 million in FY 2016 to approximately \$9.9 million in FY 2018. According to AltaMed's management, patient accounts receivable decreased mainly due to contractual reserves related to PPS reconciliation adjustments.
- Current portion of assets limited as to use surged from nearly \$1.8 million in FY 2016 to approximately \$39.2 million in FY 2018. According to AltaMed's management, the organization reclassified approximately \$36.7 million of risk pool payments received from a health plan to restricted cash. This amount is expected to be reclassified to cash and cash equivalents and investments in fiscal year 2019.
- Grants and contract advances increased from approximately \$6.2 million in FY 2016 to just about \$48.8 million in FY 2018. According to AltaMed's management, the organization deferred recognizing approximately \$36.4 million of risk pool payments received from a health plan, which is expected to be recognized as managed care revenue in fiscal year 2019.

IV. DUE DILIGENCE:

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

- **Section 15438.5(a) of the Act (Savings Pass Through):** AltaMed properly completed and submitted the “Pass-Through Savings Certification” in addition to a narrative explaining how it addresses the health care needs of its community, and below is a link to AltaMed’s 2017 Annual Report.

<https://altamedfoundation.org/files/2017%20Impact%20Report.pdf>

As part of its Community Needs Assessment, AltaMed undertakes an annual strategic planning process that includes a comprehensive review of current market conditions and unmet community health needs. The market assessment identifies opportunities for AltaMed to expand access to medical care and services to communities throughout Southern California. The market assessment also includes historical, current, and projected data and analysis regarding the following community health and market factors:

- Geographic distribution of AltaMed’s patients and members
 - Changes in market size and compositions (e.g. ethnicity, age, and insurance status and type)
 - Disease and chronic conditions prevalence
 - Hospital utilization rates and patterns
 - Health care professional shortages
 - Presence of other Federally Qualified Health Centers and competing medical providers
- **Section 15491.1 of the Act (Community Service Requirement):** AltaMed properly completed and submitted the Community Service Obligation certification and indicated that Medi-Cal and Medicare patients are accepted.
 - **Compliance with Seismic Regulations:** AltaMed does not own a general acute care hospital, and therefore the seismic regulations requirement does not apply.
 - **Compliance with Section 15455(b) of the Act (California Environmental Quality Act):** AltaMed properly completed and submitted the relevant documentation to meet the CEQA requirement.
 - **Religious Affiliation Due Diligence:** AltaMed properly completed and submitted relevant documentation to meet the religious due diligence requirement.
 - **Legal Review:** AltaMed properly completed and submitted relevant documentation for the Authority’s Legal Questionnaire.
 - **Iran Contracting Act Certificate:** The Iran Contracting Act Certificate applies to underwriters, and therefore is not applicable to private placement transactions.

V. OUTSTANDING DEBT

AltaMed Health Services Corporation

<u>Date Issued</u>	<u>Original Amount</u>	<u>Amount Outstanding As of April 30, 2018^(a)</u>	<u>Estimated Amount Outstanding after Proposed Financing</u>
-EXISTING LONG-TERM DEBT:			
Revenue Bonds Series 2015A California Health Facilities Financing Authority	\$ 90,560,000	\$ 85,545,000	\$ 85,545,000
Revenue Bonds Series 2015B California Health Facilities Financing Authority	11,000,000	10,725,000	10,725,000
Revenue Bonds Series 2015 A Note California Health Facilities Financing Authority	17,200,000	11,119,635	11,119,635
Revenue Bonds Series 2007 California Statewide Communities Development Authority	7,012,000	5,237,608	5,237,608
- PROPOSED NEW DEBT:			
<i>CHFFA Series 2018 Tax-exempt Notes</i>			23,000,000
<i>Taxable Loan 2018 Bank of America</i>			49,000,000
- TOTAL DEBT		\$ 112,627,243	\$ 184,627,243

^(a) Includes current portion of long-term debt.

VI. BACKGROUND AND LICENSURE

Background

AltaMed is a non-profit community health center founded in 1969 as a volunteer staffed, storefront clinic known as the East Los Angeles Barrio Free Clinic. AltaMed has since grown into the largest unaffiliated non-profit FQHC in California providing a medical home through 45 service delivery sites to over 250,000 patients, many of whom come from predominantly low-income Latino families from underserved communities throughout Los Angeles and Orange Counties.

AltaMed follows the Patient Centered Medical Home (PCMH) model of service delivery as the framework to provide comprehensive quality care for all of its patients. Aligned with the PCMH model, AltaMed offers a comprehensive array of health and human services, which includes primary healthcare, dental care, mental health services, specialized pediatric and adolescent care programs, geriatric medicine, healthcare for the frail elderly – PACE, chronic care programs, HIV/AIDS services, youth services, and community outreach and health education.

AltaMed's service area encompasses the Greater Los Angeles Basin and includes the San Gabriel Valley, east and southeast Los Angeles, and northern and central Orange County. Residents of these communities live in medically underserved areas with a large low-income, immigrant population. AltaMed's service regions have been officially identified as Health Professional Shortage Areas with a limited number of primary care providers. The service areas also bear a federal designation as areas with Medically Underserved Populations or as a Medically Underserved Area that includes those who face economic, cultural, or linguistic barriers to health care.

Licensure and Accreditation

AltaMed's facilities are individually licensed by the State of California Department of Public Health to operate and maintain each as a Community Clinic. AltaMed is also accredited by The Joint Commission, which is an independent, non-profit organization that accredits and certifies health care organizations and programs throughout the United States to reflect an organization's commitment to meeting certain performance standards.

VII. UTILIZATION STATISTICS

The following table shows utilization statistics of AltaMed Health Services Corporation for the fiscal years ended April 30, 2016, 2017 and 2018:

	<u>As of April 30,</u>		
	<u>2018</u>	<u>2017</u>	<u>2016</u>
Clinical			
# of Medical Sites	26	25	25
Medical Visits (Annual)	692,599	670,244	645,507
# of Dental Sites	11	9	8
Dental Visits (Annual)	110,428	107,270	96,434
Independent Practice Association (IPA)			
Contract IPA Physicians	322	253	229
Managed Care Members	219,744	204,845	196,601
Managed Care Bed days (per Thousand)			
Commercial	154	152	145
Medi-Cal	339	302	326
Senior	1,112	1,171	1,078
Emergency Room			
Commercial	141	161	145
Medi-Cal	464	525	506
Senior	314	672	668
Program of All-inclusive Care for the Elderly (PACE)			
# of PACE Sites	8	8	8
PACE Members	2,471	2,198	2,037
PACE Bed days (per Thousand)	2,075	2,046	1,720
PACE Emergency Room Visits (per Thousand)	617	635	545

EXHIBIT 1
FINANCING TEAM

Borrower: AltaMed Health Services Corporation

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: TAP International, Incorporated

Special Tax Counsel: Orrick, Herrington & Sutcliffe, LLP

Note Purchaser: Banc of America Public Capital Corp

Note Purchaser Counsel: Susan L. Ariel, Attorney at Law

Escrow Agent: Bank of America, National Association
Global Custody and Agency Services

Auditor: Vasquez & Company, LLP

EXHIBIT 2
PROJECT SITES

The proposed property acquisitions and capital projects financed with proceeds of the Series 2018 bonds will include, but not be limited to finance the cost of the acquisition and installation of certain furniture, fixtures and equipment to be located at a community clinic and related administrative facilities located at 1325 North Anaheim, Anaheim, CA 92801; and

To finance the cost of the acquisition and implementation of a new cloud-based electronic medical record system that is expected to be accessible by the Corporation at all its locations, the addresses of which are:

- 2040 Camfield Avenue, Los Angeles, CA 90040
- 500 Citadel Drive, Suites 100, 150, 300, 301, 310 and 370, Los Angeles, CA 90040
- 5675 E. Telegraph Road, Suite 230, 250, 260 and 300, Los Angeles, CA 90040
- 249 E. Pomona Boulevard, Monterey Park, CA 91755
- 5255 E. Pomona Boulevard, Suites 2, 3, 11A and 11B, Los Angeles, CA 90022
- 5412 Fernfield Avenue, Los Angeles, CA 90022
- 2035 Camfield Avenue, Los Angeles, CA 90040
- 5550 Union Pacific Avenue, Commerce, CA 90022
- 1200 Corporate Center Drive, Suite 200 and 200A, Monterey Park, CA 91754
- 2321 W. Whittier Boulevard, Montebello, CA 90640
- 401 N. East Street, Anaheim, CA 92805
- 5427 E. Whittier Boulevard, Los Angeles, CA 90022
- 4650 W. Sunset Boulevard, Mailstop #76, Los Angeles, CA 90027
- 9436 E. Slauson Avenue, Pico Rivera, CA 90660
- 4010 East Chapman Avenue, Orange, CA 92869
- 1155 West Central Avenue, Suite 104 – 107, Santa Ana, CA 92707
- 1820 West Lincoln Avenue, Anaheim, CA 92801
- 12751 Harbor Boulevard, Garden Grove, CA 92840
- 6336 Passons Boulevard, Pico Rivera, CA 90660
- 2720 South Bristol Street, Santa Ana, CA 92704
- 1300 North Vermont Avenue, Patient Tower, First Floor, Los Angeles, CA 90027
- 1305 South Concord Street, #18, Los Angeles, CA 90023
- 1424 Crusado Lane, #168, Los Angeles, CA 90033
- 268 East Bloom Street, #322, Los Angeles, CA 90012

EXHIBIT 2

PROJECT SITES

(Continued)

- 1515 South Broadway, Santa Ana, CA 92707
- 2100 West 3rd Street, Los Angeles, CA 90057
- 3945 Whittier Boulevard, Los Angeles, CA 90023
- 10418 E. Valley Boulevard, Suite B, El Monte, CA 91731
- 1400 North Main Street, Santa Ana, CA 92701
- 1814 West Lincoln Avenue, Suite A and B, Anaheim, CA 92801
- 1820 West Lincoln Avenue, Anaheim, CA 92801
- 2219 East 1st Street, Los Angeles, CA 90033
- 8041 Newman Avenue, Huntington Beach, CA 92647
- 1300 S. Sunset Boulevard, West Covina, CA 91790
- 8627 Atlantic Avenue, South Gate, CA 90280
- 972 Goodrich Boulevard, Commerce, CA 90022
- 1325 N. Anaheim Boulevard, Anaheim, CA 92801
- 12130 Paramount Boulevard, Downey, CA 90242
- 10418 E. Valley Boulevard, Suite A, El Monte, CA 91731
- 3820 Martin Luther King, Jr. Boulevard, Lynwood, CA 90262
- 701 W. Cesar E. Chavez Avenue, Suite 201, Los Angeles, CA 90012
- 5425 E. Pomona Boulevard, Los Angeles, CA 90022
- 1776 E. Century Boulevard, Los Angeles, CA 90022
- 535 S. 2nd Avenue, Covina, CA 91723
- 1900 E. Slauson Avenue, Suite B, Huntington Park, CA 90255
- 512 South Indiana Street, Los Angeles, CA 90063
- 5500 Flotilla Street, Los Angeles, CA 90040
- 5420 Pomona Boulevard, Los Angeles, CA 90022
- 5401 Telegraph Road, Los Angeles, CA 90040
- 12751 Harbor Boulevard, Garden Grove, CA 92840
- 455 S. Main Street, Orange, CA 92868
- 406 S. Main St., Santa Ana, CA 92701
- 1000 W. Highland, Santa Ana, CA 92703
- 10602 Chapman Ave., Suite 100, Garden Grove, CA 92840

RESOLUTION NO. E-26

RESOLUTION OF THE CALIFORNIA HEALTH FACILITIES FINANCING AUTHORITY
AUTHORIZING THE ISSUANCE OF PROGRAM REVENUE NOTES RELATED TO THE
FINANCING OF CERTAIN FURNITURE, FIXTURES AND EQUIPMENT AT THE
HEALTH FACILITIES OF ALTAMED HEALTH SERVICES CORPORATION

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 notes 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 purposes); and

WHEREAS, AltaMed Health Services Corporation, is a nonprofit public benefit corporation duly organized and existing under the laws of the State of California (the “Corporation”), which owns and operates health facilities in the State of California; and

WHEREAS, the Corporation has requested that the Authority issue a note not to exceed \$23 million and make a loan of the proceeds thereof, on a taxable or tax-exempt basis, to the Corporation to (i) finance the cost of (a) the acquisition and installation of certain furniture, fixtures and equipment to be located at a community clinic and related administrative facilities, and (b) the acquisition and implementation of a new cloud-based electronic medical records systems of the Corporation (collectively, the “Equipment”), and (ii) pay costs of issuance of the 2018 Note (as defined below); and

WHEREAS, the 2018 Note will be purchased, or privately placed with an affiliate or successor company, by Banc of America Public Capital Corp or an affiliate thereof (“BAPCC”), for the purpose of financing the Equipment; and

WHEREAS, the Authority, BAPCC and the Corporation previously entered into the Master Financing Agreement (the “Master Financing Agreement”) and an Equipment Schedule No. 1 (the “Schedule No. 1”) pursuant to which the Authority issued the Series 2015 Note and BAPCC purchased such Series 2015 Note to provide financing and refinancing for the equipment for the Corporation; and

WHEREAS, the Authority, BAPCC and the Corporation will enter into an Equipment Schedule No. 2 (the “Schedule No. 2” and together with the Master Financing Agreement, the “Equipment Financing Agreement”) pursuant to which the Authority will issue the 2018 Note and BAPCC will purchase the 2018 Note to provide financing for the Equipment for the Corporation; and

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 Equipment 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 the 2018 Note, 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, a note of the Authority designated as the “California Health Facilities Financing Authority Program Revenue Note (AltaMed Health Services Corporation), Series 2018” (with such additional identifying information as the Corporation and the Authority agree is necessary) (the “2018 Note”), in an aggregate principal amount of not to exceed \$23 million, on a tax-exempt or taxable basis, is authorized to be issued. The proceeds of the 2018 Note shall be used for the purposes set forth in the third recital above.

SECTION 2. The Treasurer is hereby authorized to sell the 2018 Note at private sale to BAPCC, at any time and from time to time prior to the first anniversary of the date of this Resolution, in such aggregate principal amount (not to exceed the aggregate principal amount set forth in Section 1) and at such interest rate or rates and upon such other terms and conditions as the Treasurer, with the advice and consent of the Corporation, may determine.

SECTION 3. The proposed forms of the following documents:

(i) Schedule No. 2, and

(v) an escrow agreement relating to the 2018 Note (the “2018 Escrow Agreement”), among the Authority, the Corporation, BAPCC and Bank of America, National Association or an affiliate thereof, or any other escrow agent as shall be acceptable to the Executive Director (the “Escrow Agent”),

are hereby approved in substantially the forms on file with the Authority prior to this meeting, with such insertions, deletions or changes therein as the officer executing 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 hereby specifically finds and declares that the findings of the Authority set forth in the Equipment Financing Agreement are true and correct.

SECTION 5. The dated dates, maturity dates (with respect to the 2018 Note, not exceeding 7 years from the date of issue), interest rates, manner of determining interest rates, interest payment dates, series or subseries designation, 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 2018 Note, shall be as provided in the Equipment Financing Agreement, as finally executed.

SECTION 6. The 2018 Note, when so executed, shall be delivered to BAPCC or its designee and upon payment of the purchase price thereof as confirmed by the Corporation or the Escrow Agent.

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 2018 Note, and otherwise to effectuate the purposes of this Resolution, the Equipment Financing Agreement and the 2018 Escrow Agreement. The Authority hereby approves any and all documents to be delivered in furtherance of the foregoing purposes, including without limitation, any tax certificate and agreement and other certifications.

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

SECTION 9. 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 10. This Resolution shall take effect from and after the date of adoption.

Date of Adoption: _____