

**CALIFORNIA HEALTH FACILITIES FINANCING AUTHORITY (“CHFFA”)
REVENUE BOND FINANCING PROGRAM
EXECUTIVE SUMMARY**

<p>Applicant: City of Hope (“COH”) 1500 E. Duarte Road Duarte, CA 91010 Los Angeles County</p> <p>Project Sites: <i>See Exhibit 1</i></p> <p>Facility Type: Acute Care Hospital</p> <p>Eligibility: Government Code 15432(d)(1)</p> <p>Prior Borrower: Yes (date of last CHFFA issue, January 2017)</p> <p>Obligated Group: The Obligated Group (“Obligated Group”) is identified in <i>Section VII</i>.</p>	<p>Amount Requested: \$370,000,000</p> <p>Requested Loan Term: Up to 40 years</p> <p>Authority Meeting Date: June 27, 2019</p> <p>Resolution Number: 435</p>																		
<p>Background: Established in 1913, COH is a nationally recognized nonprofit enterprise that provides innovative biomedical research, treatment, and education, specifically focused on the prevention and cure of cancer, diabetes, and other life-threatening diseases. COH, together with its affiliates, the COH Medical Center, the COH Medical Foundation, and the Beckman Research Institute, are located on 100 acres of the COH main campus in Duarte, CA and is recognized by the National Cancer Institute as a Comprehensive Cancer Center.</p>																			
<p>Use of Proceeds: COH plans to use bond proceeds to finance the construction of a new 350,000 square foot outpatient clinic, an adjacent parking structure, and an expansion of COH’s Hope and Parsons Village patient community, providing additional accommodations for patients and visitors. The outpatient clinic has an estimated completion date of late 2024, while the parking structure and Hope Village expansion are estimated to be complete at the end of 2021.</p>																			
<p>Type of Issue: Negotiated public offering of fixed rate bonds</p> <p>Expected Credit Rating: A+/A1; Standard & Poor’s/Moody’s</p> <p>Financing Team: <i>See Exhibit 2 to identify possible conflicts of interest</i></p>																			
<p>Financial Overview: COH’s income statement appears to exhibit a consistent increase in revenues over the review period from FY 2016 to FY 2018. COH’s balance sheet appears strong with a pro-forma net debt service coverage ratio of 7.44x.</p>																			
<table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;"><u>Estimated Sources of Funds:</u></th> <th style="text-align: left;"><u>Estimated Uses of Funds:</u></th> </tr> </thead> <tbody> <tr> <td style="width: 50%;">Par amount of bonds</td> <td style="width: 50%;">Project fund</td> </tr> <tr> <td style="text-align: right;">\$ 370,000,000</td> <td style="text-align: right;">\$ 313,110,955</td> </tr> <tr> <td></td> <td style="text-align: right;">Capitalized interest fund</td> </tr> <tr> <td></td> <td style="text-align: right;">51,365,271</td> </tr> <tr> <td></td> <td style="text-align: right;">Financing costs</td> </tr> <tr> <td></td> <td style="text-align: right;">5,523,774</td> </tr> <tr> <td style="text-align: right;">Total Estimated Sources</td> <td style="text-align: right;">Total Estimated Uses</td> </tr> <tr> <td style="text-align: right;"><u><u>\$ 370,000,000</u></u></td> <td style="text-align: right;"><u><u>\$ 370,000,000</u></u></td> </tr> </tbody> </table>		<u>Estimated Sources of Funds:</u>	<u>Estimated Uses of Funds:</u>	Par amount of bonds	Project fund	\$ 370,000,000	\$ 313,110,955		Capitalized interest fund		51,365,271		Financing costs		5,523,774	Total Estimated Sources	Total Estimated Uses	<u><u>\$ 370,000,000</u></u>	<u><u>\$ 370,000,000</u></u>
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<p>Due Diligence: Staff has received and reviewed the Eligibility, Legal Review, Religious Affiliation Due Diligence, Seismic, and CEQA documentation, and the certifications for Community Service Obligation, Savings Pass Through, and the Iran Contracting Act. All documentation satisfies the Authority’s requirements.</p>																			
<p>Staff Recommendation: Staff recommends the Authority approve Resolution Number 435 for City of Hope in a principal amount not to exceed \$370,000,000 subject to the conditions in the resolution, including a rating of at least investment grade by a nationally recognized rating agency. TAP International Inc., the Authority’s financial analyst, and KNN Public Finance LLC, the Authority’s municipal advisor, concur with the Authority’s staff recommendation.</p>																			

STAFF SUMMARY AND RECOMMENDATION

City of Hope
June 27, 2019
Resolution No. 435

I. PURPOSE OF FINANCING:

COH is requesting bond proceeds to finance the costs of construction, acquisition, and equipping of an outpatient clinic. The project also includes the construction of a new parking structure to support the patients and visitors accessing COH’s facilities. In addition, COH plans to also expand its existing Hope and Parsons Village patient community, which will be used to provide short-term accommodations for patients, family members, and guests. The facilities described are to be located within COH’s Medical Campus in Duarte, CA.

Project Fund*** ***\$313,110,955

Duarte Outpatient Clinic and Parking Structure

COH plans to construct a new 350,000 square foot outpatient clinic building that will accommodate imaging, laboratory, multiple clinics, infusion, and various support functions. The project includes the cost of related site improvements and a bridge connector to adjacent facilities, as well as the costs of demolition of existing structures and associated site preparations. COH will also construct an above ground, six-level parking structure and adjacent surface lot that will accommodate approximately 1,100 vehicles. This project also includes an extension to a neighboring road and site improvements.

Hope and Parsons Village Expansion

COH will construct a 116,000 square foot facility, which will add approximately 150 rooms to provide accommodations for patients, family members, and guests. The expansion will provide housing services required for those patients participating in longer treatment regimens or traveling to COH from outside of the immediate area. A small number of the rooms may be used for visitors who will be conducting business with COH.

Capitalized Interest*** ***51,365,271

Financing Costs*** ***5,523,774

Estimated cost of issuance..... \$3,823,774

Estimated underwriter’s discount 1,700,000

Total Estimated Uses of Funds*** ***\$370,000,000

II. PROPOSED COVENANTS, SECURITY PROVISIONS AND DISCLOSURES:

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.

After reviewing the current finances of the Obligated Group (defined below) and the Series 2019 Bonds transaction, COH and its municipal advisor, Kaufman, Hall & Associates, LLC ("Kaufman"); KNN Public Finance, LLC ("KNN"), the Authority's municipal advisor; and the underwriters of the Series 2019 Bonds have concluded that the covenants listed below should be applicable to this transaction. COH and Kaufman note that the covenants set forth below are consistent with covenants applicable to the Series 2017 Notes and the Series 2012 Bonds issued through the Authority and that the Obligated Group's current financial situation does not suggest that additional covenants should be required by the Authority.

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.

COH will be the borrower under the loan agreement (the "Loan Agreement") to be entered into by COH with the Authority in connection with the issuance of the Series 2019 Bonds. Acting on behalf of itself and the other Members of the Obligated Group, as Credit Group Representative, COH will issue a joint and several obligation (the "Series 2019 Obligation") under the Master Indenture, to secure the obligations of COH under the Loan Agreement. COH was the borrower under the loan agreements (the "Prior Loan Agreements") entered into with the Authority in connection with the Series 2017 Notes and the Series 2012 Bonds and issued Obligations under the Master Indenture to secure the payments under the Prior Loan Agreements.

The covenants listed below are applicable to this transaction.

Unconditional Promise to Pay; Pledge of Gross 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 Series 2019 Bonds and agrees to pay the additional payments and expenses specified in the Loan Agreement. In addition, COH, acting on behalf of itself and the other Members of the Obligated Group, will issue the Series 2019 Obligation to secure the obligations of COH to make the payments under the Loan Agreement.*

All Revenues (which will include payments by COH under the Loan Agreement and payments by the Obligated Group on the Series 2019 Obligation) and amounts held in the funds and account established under the Indenture (excluding the Bond Purchase Fund and the Rebate Fund) will be pledged to secure the full payment of the proposed Series 2019 Bonds. No reserve fund will be established for the proposed Series 2019 Bonds.

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 Liens. *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 or Guaranties 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.*

Comply with SEC Rule 15c2-12. *COH, on behalf of the Obligated Group, will take such action as is necessary to assist the underwriter in complying with SEC Rule 15c2-12. COH will contractually agree to disclose designated financial and operating information to the SEC web site (EMMA) during the life of the 2019 bonds and to report designated “material events” such as missed debt service payments, any change in bond ratings, defeasance, redemptions, etc.*

Staff has completed its due diligence, and KNN has reviewed the Loan Agreement, Bond Indenture, and prior COH offering documents associated with this financing package and found these documents and proposed covenants to be acceptable.

III. FINANCIAL STATEMENTS AND ANALYSIS:

City of Hope
Consolidated Statement of Activities
Income Statement
Unrestricted
(in Thousands)

	As of September 30,		
	2018	2017	2016
Revenues:			
Contributions	\$ 79,686	\$ 67,258	\$ 55,675
Special event participation revenue	4,346	5,173	4,885
Less: cost of direct benefits to donors	(7,292)	(8,357)	(6,900)
Contributions and net revenues from special events	76,740	64,074	53,660
Net patient services revenues	1,375,498	1,186,167	1,119,808
Research grants and clinical trials	152,821	135,104	87,799
Investment income	166,164	127,714	80,602
Net unrealized gain on investments	20,669	165,339	99,551
Royalty and licensing revenues	500,370	398,096	333,704
Other	42,921	23,404	22,278
Total revenues	2,335,183	2,099,898	1,797,402
Net assets released from restrictions	61,546	44,566	32,533
Total revenues and other increases	2,396,729	2,144,464	1,829,935
Expenses:			
Program services:			
Patient care	1,034,821	916,607	827,035
Research	538,080	448,796	362,759
Public information and education	24,891	17,429	14,037
Total program services	1,597,792	1,382,832	1,203,831
Supporting services:			
Administrative and general	438,589	359,423	258,386
Fundraising	26,771	30,020	27,326
Total supporting services	465,360	389,443	285,712
Total expenses	2,063,152	1,772,275	1,489,543
Excess of revenues and other increases over expenses	333,577	372,189	340,392
Contributed capital, non-controlling interest	34,911	20,947	-
Changes in net assets	368,488	393,136	340,392
Net assets, beginning of year	2,788,493	2,395,357	2,054,965
Net assets, end of year	\$3,156,981	\$2,788,493	\$2,395,357

For fiscal year end September 30

Payer Source	% Patient Service Revenue		Patient Days			
	2018	2017	2018		2017	
			Total	%	Total	%
Medicare	34.8	34.5	22,482	30.8	20,553	28.9
Medi-Cal	10.4	10.3	14,520	19.9	11,973	16.8
Managed Care & Insurance	53.8	53.4	34,618	47.4	35,372	49.7
Other	1.0	1.8	1,410	1.9	3,235	4.5
Total	100	100	73,030	100	71,133	100

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City of Hope
Consolidated Statement of Financial Position
Balance Sheet
(in Thousands)

	As of September 30,		
	2018	2017	2016
Assets			
Current assets:			
Cash and cash equivalents	\$ 377,571	\$ 212,067	\$ 121,460
Investments	1,526,106	1,191,963	1,083,215
Self-insurance trust funds	3,765	3,352	3,581
Patient accounts receivable	238,384	245,192	243,508
Grants and other receivables	95,981	66,070	66,323
Due from third-party payors	342	9,817	3,910
Donor-restricted unconditional promises to give, net	18,576	49,399	22,291
Prepaid and other	39,105	36,654	28,886
Total current assets	2,299,830	1,814,514	1,573,174
Property and equipment, net	930,236	861,850	722,720
Other assets:			
Investments held for long-term purposes	302,822	313,812	357,516
Board-designated assets	884,127	815,638	715,191
Donor-restricted assets:			
Investments	518,251	442,913	345,912
Unconditional promises to give, net	60,741	54,036	86,841
Contributions receivable from annuity and split interest agreements, net	13,182	13,623	15,136
Other	9,452	3,535	1,580
Intangible assets	6,067	6,086	2,768
Goodwill and other technology	63,667	4,600	-
Other long-term assets	47,428	53,211	44,920
Total other assets:	1,905,737	1,707,454	1,569,864
Total assets	\$ 5,135,803	\$ 4,383,818	\$3,865,758
Liabilities and net assets			
Current liabilities:			
Accounts payable and accrued liabilities	\$ 150,229	\$ 157,051	\$ 139,769
Accrued salaries, wages, and employee benefits	87,473	68,783	58,269
Long-term debt, current portion	13,051	11,650	90,571
Deferred revenue	28,404	27,284	23,117
Other	324	834	405
Total current liabilities	279,481	265,602	312,131

(Continued)

	As of September 30,		
	2018	2017	2016
Long-term debt, net of current portion	1,003,810	683,411	618,303
Annuity and split-interest agreement obligations	20,464	18,580	17,264
Deferred rent	10,146	14,028	10,648
Interest rate swap	6,549	10,266	16,952
Other	60,115	56,501	38,111
Total liabilities	1,380,565	1,048,388	1,013,409
Net assets:			
Unrestricted:			
Controlling interests	3,121,881	2,788,493	2,395,357
Non-controlling interests in subsidiaries	35,100	-	-
Temporarily restricted	406,564	370,801	288,549
Permanently restricted	191,693	176,136	168,443
Total net assets	3,755,238	3,335,430	2,852,349
Total liabilities and net assets	\$ 5,135,803	\$ 4,383,818	\$3,865,758

Financial Ratios:

	Proforma ^(a)			
	<u>FYE September 30, 2018</u>			
Debt Service Coverage (x) -- Operating	3.48	5.13	1.51	2.41
Debt Service Coverage (x) -- Net	7.44	10.98	4.39	4.41
Debt/Unrestricted Net Assets (x)	0.41	0.32	0.25	0.30
Margin (%)	13.92	17.36	17.36	18.60
Current Ratio (x)	8.23	6.83	6.83	5.04

^(a) Recalculates FY 2018 audited results to include the impact of this proposed financing.

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The audited, combined financial statements of the Obligated Group were analyzed in this section. The Obligated Group comprises approximately 95% of the total assets and 96% of the total revenues of the combined financials for FY 2018.

Financial Discussion – Statement of Activities (Income Statement)

COH's income statement appears to exhibit a consistent increase in revenues during the review period.

COH's total revenue increased from approximately \$1.8 billion in FY 2016 to approximately \$2.4 billion in FY 2018, an overall increase of 31%. This change appears to have been caused by the large increase in net patient services revenues, which increased by 23% from just over \$1.1 billion in FY 2016 to approximately \$1.4 billion in FY 2018. According to COH, the increase in net patient services revenue is mainly attributed to increases in aggregate patient volumes and utilization in certain areas, such as surgery cases and radiology procedures. Another factor that appears to drive this positive revenue growth is the change in royalty and licensing revenues, which increased from approximately \$333.7 million in FY 2016 to just over \$500.4 million in FY 2018. COH management states that this sizable increase is primarily due to continued increases in sales of drugs using licensed technology from a COH licensee.

Total expenses increased by 38.5% from just under \$1.5 billion in FY 2016 to approximately \$2.1 billion in FY 2018. Much of the increase appears to be driven by the increase in patient care expense, which rose by 25% over the review period. According to COH management, the increase was primarily related to salaries, wages, and employee benefits due to increased staffing, largely attributed to increases in patient volumes and one-time expenses associated with the implementation of an electronic medical record system during FY 2018.

Financial Discussion – Statement of Financial Position (Balance Sheet)

COH's balance sheet appears strong with a pro-forma net debt service coverage ratio of 7.44x.

COH's balance sheet appears to exhibit solid liquidity with strong growth in cash and cash equivalents, which increased from approximately \$121.5 million in FY 2016 to approximately \$377.6 million in FY 2018. COH management explains that this increase was caused by the increase in patient volume growth, provider fees, and joint ventures.

COH has demonstrated a strong ability to service its debt with a net debt service coverage ratio of 10.98x in FY 2018. With the addition of the new debt, COH's pro-forma FY 2018 net debt service coverage ratio decreases to a still strong 7.44x. Unrestricted net assets have grown from just under \$2.4 billion in FY 2016 to approximately \$3.2 billion in FY 2018, an overall increase of 32%. COH's debt to unrestricted net assets ratio has remained steady over the review period, being 0.30x, 0.25x, and 0.32x in fiscal years 2016, 2017, and 2018, respectively. The addition of the new debt increases COH's pro-forma FY 2018 debt to unrestricted net assets ratio to 0.41x, which appears to indicate its ability to comfortably take on the new debt.

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 15459.1 of the Act (Community Service Requirement):** COH properly completed and submitted the Community Service Obligation certification and indicated that Medi-Cal and Medicare patients are accepted. Below is a link to COH's Community Benefits:

<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 OSHPD seismic evaluation regulations.
- **Compliance with Section 15455(b) of the Act (California Environmental Quality Act):** COH properly submitted relevant documentation addressing the California Environmental Quality Act.
- **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 Status Questionnaire.
- **Iran Contracting Act Certification:** COH and the underwriters have properly submitted the Iran Contracting Act Certification.

V. OUTSTANDING DEBT

<u>Date Issued</u>	<u>Original Amount</u>	<u>Amount Outstanding As of September 30, 2018^(a)</u>	<u>Estimated Amount Outstanding after Proposed Financing</u>
-EXISTING LONG-TERM DEBT:			
CHFFA 2012A Bonds	\$ 234,635,000	\$ 213,400,000	\$ 213,400,000
Series 2013 Direct Obligation Notes	350,000,000	350,000,000	350,000,000
CHFFA Series 2017A & 2017B Notes	65,360,000	65,360,000	65,360,000
Series 2018 Direct Obligation Notes	300,000,000	300,000,000	300,000,000
TGen Notes	2,903,000	2,241,000	2,241,000
TGen Notes	1,600,000	1,300,000	1,300,000
Capital lease obligations	N/A	73,102,000	73,102,000
- PROPOSED NEW DEBT:			
<i>CHFFA 2019 Bonds</i>		-	370,000,000
- TOTAL DEBT		<u>\$ 1,005,403,000</u>	<u>\$ 1,375,403,000</u>

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

VI. UTILIZATION STATISTICS

The following table summarizes the Obligated Group's combined utilization data for the fiscal years below:

	<u>As of September 30,</u>		
	<u>2018</u>	<u>2017</u>	<u>2016</u>
Discharges	6,595	6,723	6,395
Adjusted Patient Days	159,892	155,560	143,317
Occupancy (%)	92.2	89.8	85.1
Bone Marrow Transplant Cases	773	757	703
Bone Marrow Transplant Length of Stay (days)	31.3	32.3	33.4
Non-Bone Marrow Transplant Length of Stay (days)	8.9	8.5	8.1
Surgery Cases	9,694	9,449	9,219
Outpatient Visits and Infusions (Center and Foundation)	368,814	357,329	330,742

VII. BACKGROUND AND LICENSURE

Background

City of Hope (“COH”) is a California nonprofit public benefit 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 basic research in the laboratory, clinical trials in patients, and genetic cancer risk assessment and cancer survivorship research and its clinical enterprise; the Medical Center’s hospital in Duarte, California; and the Medical Foundation’s community practices, are the foundation for COH’s National Cancer Institute-designated Comprehensive Cancer Center.

COH’s main campus is in Duarte, 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. 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 2011, the Medical Foundation began operations after it acquired substantially all of the assets of two medical groups that previously provided teaching, administrative and research services and coverage services to the Medical Center.

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.

Obligated Group Members

Only the Obligated Group Members have assumed financial obligations related to the payment or security for any bonds or any other obligations incurred under the Master Trust Indenture. There are no current plans to add any other members to the Obligated Group.

- City of Hope
- City of Hope National Medical Center
- City of Hope Medical Foundation
- Beckman Research Institute of the City of Hope

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EXHIBIT 1

PROJECT SITES

1500 East Duarte Road, Duarte, CA 91010

The Medical Campus is located in the San Gabriel Valley at the southeastern edge of the City of Duarte and the northwestern edge of the City of Irwindale at 1500 East Duarte Road, Duarte, CA 91010. The boundaries of the Medical Campus are generally as follows: from the east side of Buena Vista Street at its intersection with the Santa Fe Flood Control Basin, continuing north along Buena Vista Street to the south side of Galen Street; then east to the intersection with the east side of a Flood Control Right of Way; then north, continuing to the southern terminus of Cinco Robles Drive; then north generally along the eastern side of Cinco Robles Drive to the intersection with the south side of Duarte Road; then east along Duarte Road to the west side of the Santa Fe Flood Control Basin; then south along the Santa Fe Flood Control Basin; then southwest to the intersection with the east side of Buena Vista Street.

EXHIBIT 2
FINANCING TEAM

Borrower: City of Hope

Agent for Sale: California State Treasurer

Issuer's Counsel: Office of the Attorney General

Issuer's Municipal Advisor: KNN Public Finance, LLC

Issuer's Financial Analyst: TAP International, Inc.

Borrower's Counsel: Hawkins Delafield & Wood LLP

Borrower's Financial Advisor: Kaufman, Hall & Associates, LLC

Bond Counsel: Chapman and Cutler LLP

Underwriters: J.P. Morgan Securities LLC
Citigroup Global Markets, Inc.

Underwriter's Counsel: Orrick, Herrington & Sutcliffe LLP

Trustee: MUFG Union Bank, N.A.

Trustee Counsel: Thompson Hine LLP

Master Trustee: MUFG Union Bank, N.A.

Master Trustee Counsel: Thompson Hine LLP

Auditor: Ernst & Young LLP

Rating Agencies: Moody's Investors Service, Inc.
Standard & Poor's Financial Services LLC

RESOLUTION NO. 435

RESOLUTION OF THE CALIFORNIA HEALTH FACILITIES FINANCING AUTHORITY AUTHORIZING THE ISSUANCE OF REVENUE BONDS TO FINANCE AND/OR REFINANCE PROJECTS AT THE HEALTH FACILITIES OF 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 incur indebtedness to finance and refinance the construction, expansion, remodeling, renovation, furnishing, equipping and acquisition of health facilities operated by participating health institutions, including by reimbursing expenditures made or refinancing indebtedness incurred for such purposes; and

WHEREAS, City of Hope (the “Corporation”) is a nonprofit public benefit corporation duly organized and existing under the laws of the State of California, has applied to the Authority for the issuance of one or more series of revenue bonds of the Authority on behalf of the Corporation, in an aggregate principal amount not to exceed \$370,000,000 for the purposes of (i) making one or more loans to the Corporation to finance the acquisition, construction, expansion, remodeling, renovation, furnishing and equipping of certain facilities owned or leased and operated by the Corporation and/or its affiliates Beckman Research Institute of the City of Hope (“Beckman”) and/or the City of Hope National Medical Center (“Medical Center”) located in and around the cities of Duarte and Irwindale, California (as further specified in Exhibit A attached hereto and incorporated herein) and reimbursing the Corporation or its affiliates for expenditures made in anticipation thereof (collectively, the “Project”); (ii) pay a portion of the interest on the Bonds (as hereinafter defined), if deemed necessary or advisable by the Corporation, (iii) provide working capital, if deemed necessary or advisable by Corporation, (iv) fund a debt service reserve fund, if deemed necessary or advisable by Corporation, and (v) pay costs of issuance of the Bonds; 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 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 Revenue Bonds (City of Hope), Series 2019” (the “Bonds”), in a total aggregate principal amount not to exceed \$370,000,000, 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 bond indenture or bond 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 second 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 public or 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 aggregate original issue discount on the Bonds sold shall not exceed six percent (6%) of the total 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 shall, at issuance, be rated at investment grade by an active nationally recognized rating agency. The Bonds or any series of them may, at the option of the Corporation, be secured or supported by a debt service reserve fund, by bond insurance, one or more credit facilities or supported by one or more liquidity facilities meeting the terms of the bond indenture pursuant to which such Bonds will be issued.

SECTION 3. The following documents:

(a) a Loan Agreement relating to the Bonds (the “Loan Agreement”), between the Authority and the Corporation,

(b) a Bond Indenture relating to the Bonds (the “Bond Indenture”), between the Authority and MUFG Union Bank, N.A., as bond trustee (the “Trustee”),

(c) a Bond Purchase Contract, including the exhibits thereto, relating to the Bonds (the “Purchase Contract”), among the Treasurer, the Authority and J.P. Morgan Securities LLC., as representative of the underwriters named therein (the “Underwriters”), and approved by the Corporation, and

(d) a preliminary official statement relating to the Bonds (the “Preliminary Official Statement”),

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 or liquidity facility, if any, for any series of Bonds) as the officer(s) executing and/or delivering the same, with the advice of the Attorney General of the State of California or such other counsel as the Authority shall select (“Authority Counsel”), may require or approve, such approval to be conclusively evidenced by execution and delivery thereof in the case of the Loan Agreement, the Bond Indenture and the Purchase Contract and by delivery thereof in the case of the Preliminary Official Statement.

SECTION 4. The Authority specifically finds and declares that the findings of the Authority set forth in the Loan Agreement 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, 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 Bond Indenture, as finally executed.

SECTION 6. The Underwriters are hereby authorized to distribute the Preliminary Official Statement for the Bonds to be marketed to persons who may be interested in the purchase of such Bonds offered in such issuance. The Underwriters are hereby directed to deliver copies of the final Official Statement (the "Official Statement") to all actual purchasers of the Bonds.

SECTION 7. 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 Underwriters 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 Underwriters, as determined and confirmed by the Treasurer, upon payment of the purchase price thereof.

SECTION 8. 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 Bond Indenture, the Loan Agreement, the Purchase Contract and the Official Statement. The Authority hereby approves any and all documents to be delivered in furtherance of the foregoing purposes, including, without limitation: (a) certifications; (b) tax certificates and agreements; and (c) 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 9. The provisions of the Authority's Resolution No. 2018-09 apply to the documents and actions approved in this Resolution.

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

“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 and/or the Medical Center located generally at the boundaries of the Medical Campus are as follows: from the east side of Buena Vista Street at its intersection with the Santa Fe Flood Control Basin, continuing north along Buena Vista Street to the south side of Galen Street; then east to the intersection with the east side of a Flood Control Right of Way; then north, continuing to the southern terminus of Cinco Robles Drive; then north generally along the eastern side of Cinco Robles Drive to the intersection with the south side of Duarte Road; then east along Duarte Road to the west side of the Santa Fe Flood Control Basin; then south along the Santa Fe Flood Control Basin; then southwest to the intersection with the east side of Buena Vista Street.