

**CALIFORNIA HEALTH FACILITIES FINANCING AUTHORITY
BOND FINANCING PROGRAM
EXECUTIVE SUMMARY**

<p>Applicant: AltaMed Health Services Corporation (AltaMed) 2040 Camfield Avenue Los Angeles, CA 90040 (Los Angeles County)</p> <p>Project Sites: <i>See Exhibit I</i></p> <p>Facility Type: Nonprofit corporation operating community clinics</p> <p>Eligibility: Government Code Section 15432(d)(6)</p> <p>Prior Borrower: Yes (date of last CHFFA issue 2018)</p>	<p>Amount Requested: \$129,568,000</p> <p>Requested Loan Term: Up to 30 years</p> <p>Authority Meeting Date: July 28, 2022</p> <p>Resolution Number: 447</p>																
<p>Background: AltaMed is a nonprofit community health center founded in 1969 and is now the largest unaffiliated nonprofit Federally Qualified Health Center (FQHC) in California. AltaMed provides medical and dental services to predominately low-income Latino, multi-ethnic, and underserved communities throughout Los Angeles and Orange counties.</p>																	
<p>Use of Proceeds: Bond proceeds will be used to refinance all or a portion of the outstanding CHFFA 2015 Series A & B bonds as well as the California Statewide Communities Development Authority (CSCDA) 2007 bonds and 2018 bank loans.</p>																	
<p>Type of Issue: Private placement of tax-exempt bonds</p> <p>Expected Credit Rating: Unrated – <i>(please see Guideline discussion on page 3)</i></p> <p>Financing Team: <i>Please see Exhibit 2 to identify possible conflicts of interest</i></p>																	
<p>Financial Overview: AltaMed appears to exhibit a consistent increase in revenues over the review period. AltaMed’s financial position appears strong with a pro forma net debt service coverage ratio of 6.58x.</p>																	
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<p>⁽¹⁾ Total costs of issuance are still being determined and will be paid separately from tax-exempt bond proceeds.</p>																	
<p>Due Diligence: Staff has confirmed the following documentation satisfies the California Health Facilities Financing Authority’s (Authority) requirements: Eligibility and Legal Review and the certifications for Pass-Through Savings and Community Service Obligation.</p>																	
<p>Staff Recommendation: Staff recommends the Authority approve Resolution No. 447 in an amount not to exceed \$129,568,000 for AltaMed Health Services Corporation, subject to the conditions in the resolution. 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>																	

Disclaimer: Any information related to the borrower, including any data or analysis related to the borrower’s financial condition or ability to repay the financing, described in this staff report is based on information provided by the borrower and was prepared solely for members of the Authority’s Board and to satisfy certain provisions of the California Health Facilities Financing Authority Act (Gov. Code, §15430 et seq.). Prospective investors should not rely on information in this staff report and must perform read the entire Preliminary Official Statement to obtain information essential to making an informed investment decision.

STAFF SUMMARY, ANALYSIS, AND RECOMMENDATION

I. PURPOSE OF FINANCING:

AltaMed is requesting tax-exempt bond proceeds to restructure and consolidate some of its outstanding debt that is maturing as well as to replace variable-rate debt with fixed-rate debt as interest rates are increasing. AltaMed intends to refinance its CHFFA 2015 Series A bonds that have a mandatory tender date in October 2022 and its 2018 bank term loans that mature in October 2025. AltaMed will also refinance its variable-rate CHFFA 2015 Series B bonds and CSCDA 2007 bonds to secure a single fixed interest rate. Although not being the primary reason for refinancing, AltaMed also anticipates nominal savings from the refinancing. The new bonds will be privately placed with Bank of America at a 2.98% fixed interest rate. In addition to the tax-exempt bonds, AltaMed will also issue a separate \$31 million taxable loan with Bank of America (2022 Taxable Term Loan) to finance capital expenditures, pay for transaction costs, and other general corporate purposes.

Refinancing \$129,568,000

CHFFA 2015 Series A & B Bonds

The CHFFA 2015 Series A & B bonds were originally issued to refinance a line a credit and to finance the purchase of its headquarters. AltaMed also purchased three community clinics; financed the construction of AltaMed Medical Group – Huntington Park, AltaMed Program of All-Inclusive Care for the Elderly (PACE) – Huntington Park, and AltaMed Medical & Dental Group – South Gate; and renovated multiple facilities in West Covina, Los Angeles, Santa Ana, Commerce, Boyle Heights, Huntington Beach, and Monterey Park.

CSCDA 2007 Bonds and 2018 Bank Loans

Proceeds from the CSCDA 2007 bonds were used to finance the costs of acquisition, construction, improvement, and equipping of certain facilities. The 2018 bank loans were used to purchase a medical building in Anaheim and to finance related construction costs.

Financing Costs..... 64,784

Estimated cost of issuance \$64,784

Total Estimated Uses of Funds..... \$129,632,784

II. GUIDELINES DISCUSSION:

AltaMed Series 2022 Bonds (the 2022 Bonds) will be an unrated, direct placement with Bank of America, N.A. (the Initial Purchaser). The following guidelines have been applied to the issuance of the 2022 Bonds:

- 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, as amended (provided that transfers to an affiliate or to a trust or other custodial arrangement established by the Initial Purchaser or one of its affiliates, the owners of any beneficial interest in which are limited to QIBs, will satisfy this provision);
- Minimum denomination of \$250,000;
- Unconditional Promise to Pay from Borrower;
- Investor Letter required at issuance;
- Bonds transfer restrictions must be noted conspicuously on the bonds themselves; and
- Bonds must be physically delivered.

All of the foregoing requirements are designed to maximize the likelihood that the unrated 2022 Bonds will be placed with more sophisticated investors given the higher risk typically perceived to be associated with unrated debt. The 2022 Bonds are not rated at this time because the purchasers do not require the 2022 Bonds to be rated. The purchasers are required to be QIBs under SEC Rule 144A, and each will make an independent credit determination to purchase the Bonds. The foregoing will be reflected in an investor letter (or equivalent provisions in the Bond Purchase Agreement).

KNN Public Finance LLC, the Authority’s municipal advisor, has reviewed the bond documents associated with this financing package and found these documents and proposed guidelines to be acceptable.

III. FINANCIAL STATEMENTS AND ANALYSIS:

NOTE: Fiscal year (FY) 2019 numbers reflect eight months of operating data as AltaMed's fiscal year end changed from April 30 to December 31 during FY 2019.

**AltaMed Health Services Corporation
Statements of Activities
(Income Statement)**

	For Year End December 31,		
	2021	2020	2019
Revenues, gains, and other support			
Net patient service revenue	\$ 195,991,891	\$ 165,081,978	\$ 118,260,923
Managed care contracts	708,172,615	618,030,594	351,600,330
Government grants and contracts	35,672,779	45,117,573	17,948,680
Pharmacy revenue	56,596,200	50,243,090	38,527,286
Contributions and other support	3,540,526	3,867,712	841,608
Other income	3,739,788	3,310,668	2,942,336
Total revenues before net assets released from restriction	<u>1,003,713,799</u>	<u>885,651,615</u>	<u>530,121,163</u>
Net assets released from restrictions	14,250,472	8,115,178	2,536,510
Total revenues, gains, and other support	<u>1,017,964,271</u>	<u>893,766,793</u>	<u>532,657,673</u>
Expenses			
Salaries and benefits	356,111,620	337,368,140	204,894,817
Specialty services	308,054,449	240,126,703	130,620,607
Medical services	82,566,617	74,663,365	47,890,347
Pharmacy/medical supplies	61,448,327	58,205,251	44,662,450
Administrative Services	30,587,022	24,417,184	27,277,451
Depreciation and amortization	26,517,854	21,935,598	11,460,789
Rent	11,139,135	10,916,431	5,696,155
Equipment rental, repairs and maintenance	15,862,003	10,923,376	7,200,824
Patient transportation	3,974,548	3,593,741	3,663,906
Utilities & facilities	5,397,574	4,517,261	2,358,670
Telephone	4,617,702	4,906,065	3,231,744
Health promotion/education	9,774,884	9,588,959	6,807,729
Insurance	8,114,930	7,748,431	3,525,493
Office/facility and other supplies	4,421,706	3,331,975	2,434,854
Minor equipment	3,086,138	4,913,603	1,977,604
Staff development	1,743,434	1,532,806	3,208,646
Purchased services	2,539,573	756,809	759,384
Postage/printing	3,148,187	2,544,675	1,496,697
Interest	5,971,680	6,572,745	2,560,759
Therapeutic services	116,546	142,102	113,767
Indirect/offset	49,698	-	281
Other expenses/interdepartmental transfer	3,255,666	9,762,586	4,960,835
Total expenses	<u>948,499,293</u>	<u>838,467,806</u>	<u>516,803,809</u>
Excess of revenues, gains, and other support over operating expenses	<u>69,464,978</u>	<u>55,298,987</u>	<u>15,853,864</u>

(Continued)

	For Year End December 31,		
	2021	2020	2019
Other gains and losses - net			
Change in fair value of marketable securities and other investments	27,711,006	45,868,305	11,162,140
Change in fair value of interest rate swap	201,555	46,186	16,012
Interest and dividends	30,778,177	20,315,884	14,037,227
Other gains and losses - net	<u>58,690,738</u>	<u>66,230,375</u>	<u>25,215,379</u>
Change in net assets without donor restrictions before provision for income tax	128,155,716	121,529,362	41,069,243
Provision for income tax			
Current	3,459,102	844,603	158,073
Deferred	338,301	36,823	178,774
Total provision for income tax	<u>3,797,403</u>	<u>881,426</u>	<u>336,847</u>
Change in net assets without donor restrictions after provision for income tax	<u>124,358,313</u>	<u>120,647,936</u>	<u>40,732,396</u>
Changes in net assets with donor restrictions			
Contributions and other support	16,350,262	10,902,956	3,735,429
Net assets released from restrictions	<u>(14,250,472)</u>	<u>(8,115,178)</u>	<u>(2,536,510)</u>
Changes in net assets with donor restrictions	<u>2,099,790</u>	<u>2,787,778</u>	<u>1,198,919</u>
Change in net assets	126,458,103	123,435,714	41,931,315
Net assets			
Beginning of year	693,325,111	569,889,397	527,958,082
End of year	<u>\$ 819,783,214</u>	<u>\$ 693,325,111</u>	<u>\$ 569,889,397</u>

AltaMed Health Services Corporation
Statements of Financial Position
(Balance Sheet)

	As of December 31,		
	2021	2020	2019
Assets			
Current assets			
Cash and cash equivalents	\$ 106,335,196	\$ 104,332,494	\$ 77,235,474
Marketable securities	622,735,021	523,153,071	399,350,444
Grants and contracts receivable	5,485,541	4,137,654	3,641,654
Patient accounts receivable, net of allowance	2,324,836	4,748,936	15,450,143
Managed care receivables	30,279,692	22,553,934	26,188,043
Contribution and other receivables	6,705,082	6,549,866	3,525,134
Current portion of notes receivable	34,302	33,845	126,014
Inventories	2,922,443	1,594,396	1,794,297
Prepaid income taxes	-	432,455	-
Current portion of assets limited as to use	-	-	17,966,275
Prepaid expenses	5,759,380	9,239,624	8,550,640
Other current assets	2,067,414	4,113,321	-
Total current assets	<u>784,648,907</u>	<u>680,889,596</u>	<u>553,828,118</u>
Noncurrent assets			
Property and equipment - net	329,237,793	303,989,553	275,911,266
Noncurrent portion of notes receivable	149,829	186,499	-
Loans and accrued interest receivable	33,477,717	33,146,360	32,732,470
Other investments	25,192,747	20,469,821	15,333,297
Goodwill	20,134,527	13,134,527	9,913,713
Assets limited as to use	21,307,424	3,067,756	13,134,527
Deferred tax asset	104,178	109,112	124,480
Deposits	2,525,550	2,446,489	2,519,108
Total noncurrent assets	<u>432,129,765</u>	<u>376,550,117</u>	<u>349,668,861</u>
Total assets	<u>\$ 1,216,778,672</u>	<u>\$ 1,057,439,713</u>	<u>\$ 903,496,979</u>
Liabilities and net assets			
Current liabilities			
Accounts payable and accrued expenses	\$ 46,491,399	\$ 45,870,546	\$ 45,282,946
Income tax payable	684,625	-	37,586
Accrued salaries and employee benefits	39,698,605	34,758,164	19,476,343
Estimated payables to third-party payor	20,972,715	16,151,795	8,177,358
Claims payable	72,287,841	60,527,265	48,797,656
Grant and contract advances	18,726,160	16,973,103	16,880,667
Current portion of long-term debt	22,812,569	15,131,915	14,701,930
Interest rate swap	156,606	-	-
Total current liabilities	<u>221,830,520</u>	<u>189,412,788</u>	<u>153,354,486</u>

(Continued)

	As of December 31,		
	2021	2020	2019
Noncurrent liabilities			
Deferred tax liability	1,498,998	1,069,509	1,048,054
Interest rate swap	-	358,162	404,348
Long-term debt, net of current portion	147,481,442	151,900,232	166,734,511
Other long-term liabilities	26,184,498	21,373,911	12,066,183
Total noncurrent liabilities	<u>175,164,938</u>	<u>174,701,814</u>	<u>180,253,096</u>
Total liabilities	<u>396,995,458</u>	<u>364,114,602</u>	<u>333,607,582</u>
Net assets			
Equity	1,000	1,000	1,000
Without donor restrictions	802,035,847	684,995,764	563,668,298
With donor restrictions	9,899,354	7,779,564	4,991,787
Retained earnings	<u>7,847,013</u>	<u>548,783</u>	<u>1,228,312</u>
Total net assets	<u>819,783,214</u>	<u>693,325,111</u>	<u>569,889,397</u>
Total liabilities and net assets	<u>\$ 1,216,778,672</u>	<u>\$ 1,057,439,713</u>	<u>\$ 903,496,979</u>

		Proforma^(a)			
		FYE December 31, 2021	2021	2020	2019
Debt Service Coverage - Operating (x)	4.28	4.83	3.94	2.88	
Debt Service Coverage - Net (x)	6.58	7.43	7.01	5.28	
Debt to Unrestricted Net Assets (x)	0.25	0.21	0.24	0.32	
Margin (%)		6.82	6.19	2.98	
Current Ratio (x)		3.54	3.59	3.61	

^(a) Recalculates FY 2021 audited results to include the impact of this proposed financing.

Financial Discussion

AltaMed appears to exhibit a consistent increase in revenues during the review period.

AltaMed's total revenue increased from approximately \$894 million in FY 2020 to just over \$1 billion in FY 2021, an overall increase of 14%. The increase year over year appears to have been caused by a large increase in managed care contracts, which started at approximately \$618 million in FY 2020 and increased to approximately \$708 million in FY 2021. AltaMed's management states that the large increase in managed care contracts revenue can be mainly attributed to the increase in PACE enrollment and Managed Medi-Cal enrollment with various health plans.

Total expenses increased by 13%, from approximately \$838 million in FY 2020 to approximately \$948 million in FY 2021. According to AltaMed's management, the increase in total expenses was primarily driven by increases in salaries and benefits, as well as medical and specialty services. Over the review period, AltaMed's increasing revenues outpaced the growth of expenses, most recently posting a strong operating margin of 6.8% in FY 2021.

Considering the onset of the COVID-19 pandemic, AltaMed's management attributes strong operating results during the pandemic to being able to quickly deploy all available resources, which included offering increased amounts of telehealth visits, delivery of food and supplies to high-risk seniors, reconfiguring facilities to safely care for patients, and was among the first to set up testing sites in LA County. Federal, state, and local funding also contributed to the success of these pandemic-related initiatives.

AltaMed's financial position appears strong with a pro forma net debt service coverage ratio of 6.58x.

AltaMed has demonstrated a strong ability to service its debt with a net debt service coverage ratio of 7.43x in FY 2021. Considering the proposed refunding, and including the proposed 2022 Taxable Term Loan, AltaMed's pro forma net debt service coverage ratio remains strong at 6.58x. Net assets without donor restrictions have grown from approximately \$564 million in FY 2019 to just over \$802 million in FY 2021, an overall increase of 42%. AltaMed's debt to unrestricted net assets ratio has remained strong over the review period, being 0.32x, 0.24x, and 0.21x in fiscal years 2019, 2020, and 2021, respectively. Considering the proposed 2022 Taxable Term Loan and the refinanced debt, AltaMed's pro-forma debt to unrestricted net assets ratio remains a solid 0.25x.

AltaMed appears to exhibit solid liquidity with strong growth in cash and cash equivalents, which increased from approximately \$77 million in FY 2019 to approximately \$106 million in FY 2021. AltaMed's management explains that this increase was primarily due to cash provided from strong operations in fiscal years 2020 and 2021.

IV. DUE DILIGENCE:

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

- **Government Code section 15438.5(a) of the Act (Pass-Through Savings):** AltaMed properly completed and submitted the Pass-Through Savings Certification.
- **Government Code section 15459.1 of the Act (Community Service Obligation Requirement):** AltaMed properly completed and submitted the Community Service Obligation Certification and indicated that Medi-Cal and Medicare patients are accepted.
- **Compliance with Government Code section 15455(b) of the Act (California Environmental Quality Act):** The California Environmental Quality Act (Pub. Resources Code, §21000 et seq.) documentation is not applicable to this particular financing.
- **Religious Affiliation Due Diligence:** The Religious Affiliation Due Diligence requirement is not applicable to this particular financing as AltaMed has no religious affiliation.
- **Legal Review:** AltaMed properly completed and submitted relevant documentation for the Authority's Legal Status Questionnaire.
- **Iran Contracting Act Certificate:** The Iran Contracting Act Certificate (Pub. Contract Code, §2200 et seq.) is not applicable to this particular financing as it is a private placement purchase.

V. OUTSTANDING DEBT:

<u>Issue:</u>	<u>Original Amount</u>	<u>Amount Outstanding As of 12/31/2021*</u>	<u>Estimated Amount Outstanding after Proposed Financing</u>
Existing Debt			
CSCDA, 2007	\$ 7,012,000	\$ 4,311,007	\$ -
CHFFA, 2015 Series A	90,560,000	75,190,000	-
CHFFA, 2015 Series B	11,000,000	8,708,333	-
CHFFA, 2015 Series A Note	17,200,000	1,955,266	1,955,266
CHFFA, 2018 Series A Note	20,000,000	7,704,772	7,704,772
Credit Agreement, 2018 Bank Loans	49,000,000	45,217,000	-
Bank of America, 2018 Commercial Loan	3,000,000	1,173,132	1,173,132
Bank of America, 2019 Commercial Loan	15,000,000	8,260,307	8,260,307
Bank of America, 2021 Commercial Loan	20,000,000	18,092,836	18,092,836
Proposed Financing			
CHFFA, 2022 Series		-	129,568,000
Bank of America, 2022 Taxable Term Loan		-	31,000,000
TOTAL		\$ 170,612,653	\$ 197,754,313

*Includes current portion of long-term debt.

VI. UTILIZATION STATISTICS

AltaMed Health Services Corporation

	<u>As of December 31,</u>		
	<u>2021</u>	<u>2020</u>	<u>2019</u>
Clinical			
# of Medical Sites	28	26	25
Medical Visits (Annual)	890,929	847,647	505,343
# of Dental Sites	10	11	11
Dental Visits (Annual)	113,076	89,101	87,835
Independent Practice Association (IPA)			
Contract IPA Physicians	356	317	335
Managed Care Members	307,898	259,587	240,071
Managed Care Bed days (per Thousand)			
Commercial	221	217	218
Medi-Cal	249	268	313
Senior	923	1,161	1,076
Emergency Room Visits (per Thousand)			
Commercial	133	135	157
Medi-Cal	378	375	533
Senior	327	329	430
Program of All-inclusive Care for the Elderly (PACE)			
# of PACE Sites	11	9	8
PACE Members	3,545	2,948	2,764
PACE Bed days (per Thousand)	1,849	2,055	2,048
PACE Emergency Room Visits (per Thousand)	73	175	197

VII. BACKGROUND AND LICENSURE

Background

AltaMed is a nonprofit 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 nonprofit FQHC in California providing a medical home through 45 service delivery sites to over 239,000 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 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, nonprofit 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.

VIII. STAFF RECOMMENDATION:

Staff recommends the Authority approve Resolution No. 447 in an amount not to exceed \$129,568,000 for AltaMed Health Services Corporation, subject to the conditions in the resolution. TAP International, Inc., the Authority's financial analyst, and KNN Public Finance, LLC, the Authority's municipal advisor, concur with the Authority's staff recommendations.

EXHIBIT 1

PROJECT SITES

- 1776 East Century Boulevard., Los Angeles, CA 90002
- 5425 E. Pomona Boulevard., Los Angeles, CA 90022
- 5427 Whittier Boulevard, Los Angeles, CA 90022
- 3945 East Whittier Boulevard, Los Angeles, CA 90023
- 2219 E. First (1st) Street, Los Angeles, CA 90033
- 2035 and 2040 Camfield Avenue, Los Angeles, CA 90040
- 5500 Flotilla Street, Los Angeles, CA 90040
- 1900 E. Slauson Avenue, Huntington Park, CA 90255
- 1900 E. Slauson Avenue, Suite B, Huntington Park, CA 90255
- 8627 Atlantic Avenue, South Gate, CA 90280
- 535 S. Second (2nd) Avenue, Covina, CA 91723
- 10418 Valley Boulevard, El Monte, CA 91731
- 249 and 255 East Pomona Boulevard., Monterey Park, CA 91755
- 1300 S. Sunset Avenue, West Covina, CA 91790
- 8041 Newman Avenue, Huntington Beach, CA 92647
- 1400 N. Main Street, Santa Ana, CA 92701
- 2720 S. Bristol Street, Santa Ana, CA 92704
- 1325 N. Anaheim Boulevard, Anaheim, CA 92801

EXHIBIT 2

FINANCING TEAM

Borrower: AltaMed Health Services Corporation

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: Seyfarth Shaw LLP

Bond Counsel: Orrick, Herrington & Sutcliffe LLP

Lender: Bank of America, N.A.

Lender's Counsel: McGuireWoods LLP

Escrow Agent: Bank of America, N.A.

Auditor: Vasquez & Company LLP

RESOLUTION NO. 447

RESOLUTION OF THE CALIFORNIA HEALTH FACILITIES FINANCING AUTHORITY
AUTHORIZING THE ISSUANCE OF REVENUE BONDS
TO FINANCE AND REFINANCE
PROJECTS 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 (Gov. Code, §15430 et seq.) (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 purposes), 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; and

WHEREAS, AltaMed Health Services Corporation (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 facilities in the State of California; and

WHEREAS, the Corporation has requested that the Authority issue one or more series of its revenue bonds in an aggregate principal amount not to exceed \$129,568,000 and make one or more loans of the proceeds thereof to the Corporation for any or all of the following purposes: (i) to refinance the California Statewide Communities Development Authority Revenue Bonds (AltaMed Health Services Corporation), Series 2007 (the “2007 Bonds”), which financed the acquisition, construction, expansion, remodeling, renovation, furnishing and equipping of certain health facilities owned and/or operated by the Corporation, as more particularly described under the caption “2007 Project” in Exhibit A hereto, (ii) to refinance the Authority’s Revenue Bonds (AltaMed Health Services Corporation), Series 2015A and the Variable Rate Revenue Bonds (AltaMed Health Services Corporation), Series 2015B (collectively, the “2015 Bonds”), which financed the acquisition, construction, expansion, remodeling, renovation, furnishing and equipping of certain health facilities owned and/or operated by the Corporation, as more particularly described under the caption “2015 Project” in Exhibit A hereto, (iii) to refinance a term loan (the “2018 Taxable Loan”) issued by certain lenders to the Corporation to finance the acquisition, construction, expansion, remodeling, renovation, furnishing and equipping of certain health facilities owned and/or operated by the Corporation, as more particularly described under the caption “2018 Project” in Exhibit A hereto (the “2018 Project” and, together with the 2007 Project, and the 2015 Project, the “Project”), and (iv) if so desired by the Corporation, to pay costs of issuance of the Bonds (as defined below); and

WHEREAS, the Bonds will be offered for sale to Bank of America, N.A., or an affiliate thereof, which is a “Qualified Institutional Buyer” as defined under Rule 144A of the Securities Act of 1933 (the “Purchaser”), for the purpose of financing and refinancing the Project; 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 the California Environmental Quality Act (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 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 (Altamed Health Services Corporation), Series 2022” (the “Bonds”), in a total aggregate principal amount not to exceed \$129,568,000, 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 any of the bond indentures pursuant to which 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 recital above. The Bonds or any series of them may, at the sole option of the Corporation, be secured by deeds of trust, bond reserve funds, bond insurance, any credit and/or liquidity facility and/or another security arrangement.

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 date of this Resolution, at public or private sales, 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 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) one or more Loan Agreements relating to the Bonds (each, a “Loan Agreement” and collectively, the “Loan Agreements”), each between the Authority and the Corporation,
- (ii) one of more Bond Indentures relating to the Bonds (each, a “Bond Indenture” and collectively, the “Bond Indentures”), each between the Authority and The Bank of New York Mellon Trust Company, N.A., as bond trustee (the “Bond Trustee”), and
- (iii) one or more Bond Purchase Contracts, including the exhibits thereto (each, a “Purchase Contract” and collectively, the “Purchase Contracts”), each among 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 (i) the issuance of Bonds in one or more series of Bonds, or (ii) provisions relating to a deed of trust, a bond reserve fund, bond insurance, any credit and/or liquidity facility and/or another security arrangement, at the sole option of the Corporation, 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 of the

Loan Agreements, the Bond Indentures, and the Purchase Contracts. Any of the Executive Director or Deputy Executive Director, or each of their designees, 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 Loan Agreements are true and correct.

SECTION 5. The dated dates, maturity dates not exceeding 40 years from the date of issue, interest rates, manner of determining interest rates, interest payment dates, series 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 Bonds, shall be as provided in the Bond Indentures, as finally executed.

SECTION 6. The Bonds, when executed, shall be delivered to the Bond Trustee for authentication by the Bond Trustee. The Bond Trustee is hereby requested and directed to authenticate the Bonds by executing the Bond Trustee's Certificate of Authentication appearing thereon, and to deliver the Bonds, when duly executed and authenticated, to or upon direction of the Purchaser 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 the 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 that 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 Indentures, 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) any tax certificate and agreement and other certifications; and (b) any agreement or commitment letter with respect to the provisions of bond insurance, a letter of credit, a surety bond, a credit facility and/or a liquidity facility for the Bonds.

SECTION 8. The provisions of the Authority's Resolution No. 2021-01 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: _____

EXHIBIT A

The 2007 Project consists of the acquisition, construction, expansion, remodeling, renovation, furnishing and equipping of the health care facilities owned and/or operated by the Corporation and located generally at 10418 Valley Boulevard, El Monte, CA 91731.

The 2015 Project consists of the acquisition, construction, expansion, remodeling, renovation, furnishing and equipping of certain community clinics and related administrative and parking facilities owned and/or operated by the Corporation and located at or on the campuses located generally at the following locations:

- 1776 E. Century Blvd., Los Angeles, CA 90002
- 1300 S. Sunset Avenue, West Covina, CA 91790
- 2219 E. First (1st) Street, Los Angeles, CA 90033
- 2720 S. Bristol Street, Santa Ana, CA 92704
- 5427 Whittier Blvd., Los Angeles, CA 90022
- 3945 E. Whittier Blvd., Los Angeles, CA 90023
- 8041 Newman Avenue, Huntington Beach, CA 92647
- 1400 N. Main Street, Santa Ana, CA 92701
- 535 S. Second (2nd) Avenue, Covina, CA 91723
- 5425 E. Pomona Blvd., Los Angeles, CA 90022
- 2035 and 2040 Camfield Avenue, Los Angeles, CA 90040
- 5500 Flotilla Street, Los Angeles, CA 90040
- 249 and 255 E. Pomona Blvd., Monterey Park, CA 91755
- 1900 E. Slauson Avenue, Huntington Park, CA 90255
- 1900 E. Slauson Avenue, Suite B, Huntington Park, CA 90255
- 8627 Atlantic Avenue, South Gate, CA 90280

The 2018 Project consists of the acquisition, construction, expansion, remodeling, renovation, furnishing and equipping of the health care facilities owned and/or operated by the Corporation and located at 1325 N. Anaheim Blvd., Anaheim, CA 92801.