

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

<p><b>Applicant:</b> Children’s Hospital Los Angeles (CHLA) 4650 Sunset Boulevard Los Angeles, CA 90027 Los Angeles County</p> <p><b>Project Site:</b> <i>See Exhibit 1</i></p> <p><b>Facility Type:</b> Acute Care Hospital</p> <p><b>Eligibility:</b> Government Code Section 15432(d)(1)</p> <p><b>Prior Borrower:</b> Yes (date of last CHFFA issue 2017)</p> <p><b>Obligated Group:</b> CHLA is the sole member</p>	<p><b>Amount Requested:</b> \$105,000,000</p> <p><b>Requested Loan Term:</b> Up to 40 years</p> <p><b>Authority Meeting Date:</b> July 28, 2022</p> <p><b>Resolution Number:</b> 448</p>																
<p><b>Background:</b> Founded in 1901, CHLA is a California nonprofit public benefit corporation that provides pediatric and adolescent healthcare services. CHLA is the first and largest pediatric hospital in Southern California delivering quality patient care, leading-edge education, and innovative research efforts in a setting designed to address the unique needs of children.</p>																	
<p><b>Use of Proceeds:</b> Bond proceeds will be used to refund the outstanding Series 2012A CHFFA bonds and pay costs of issuance. The refunding is expected to generate a net present value savings of approximately \$7.6 million over the life of the bonds.</p>																	
<p><b>Type of Issues:</b> Private Placement (consisting of two series – CHLA Series 2022A-1 and CHLA Series 2022A-2 – each placed with a separate bank)</p> <p><b>Expected Credit Rating:</b> Unrated – <i>Please see Guidelines Discussion on page 3</i></p> <p><b>Financing Team:</b> <i>See Exhibit 2 to identify possible Conflicts of Interest</i></p>																	
<p><b>Financial Overview:</b> CHLA’s income statement appears to exhibit recovering net income over the review period. CHLA appears to have a solid financial position with a pro forma operating debt service coverage ratio of 2.6x.</p>																	
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<p><b>Due Diligence:</b> Staff has confirmed the following documentation satisfies the California Health Facilities Financing Authority’s (Authority) requirements: Eligibility, Legal Review, and the certifications for Pass-Through Savings and Community Service Obligation.</p>																	
<p><b>Staff Recommendation:</b> Staff recommends the Authority approve Resolution No. 448 in an amount not to exceed \$105,000,000 for Children’s Hospital Los Angeles 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 their own due diligence to obtain information essential to making an informed investment decision.

**STAFF SUMMARY, ANALYSIS, AND RECOMMENDATION**

**I. PURPOSE OF FINANCING:**

CHLA is requesting the Authority to issue tax-exempt bonds in an amount not to exceed \$105 million to refund its outstanding Series 2012A CHFFA bonds to generate net present value savings and pay costs of issuance. The new bonds will be privately placed in two series with two separate banks, JPMorgan Chase Bank N.A. with a 3.12% interest rate and Bank of America, N.A., with a 3.08% interest rate. CHLA estimates the refunding will generate a net present value savings of approximately \$7.6 million over the life of the bonds.

**Refunding..... \$113,175,000**

The bond proceeds of the Series 2012A bonds were used to refinance the California Statewide Communities Development Authority (CSCDA) Certificates of Participation Series 1999 (1999 COPs) and the CSCDA Variable Rate Revenue Bonds (Children’s Hospital Los Angeles), Series 2009A (CSCDA 2009 Bonds).

**Financing Costs ..... 817,000**

Estimated cost of issuance ..... \$817,000

**Total Estimated Uses of Funds ..... \$113,992,000**

## II. GUIDELINES DISCUSSION:

The CHLA Series 2022A-1 Bonds will be an unrated, direct placement with JPMorgan Chase Bank N.A. or an affiliate. The CHLA Series 2022A-2 Bonds (collectively, the Bonds) will be an unrated, direct placement with Bank of America, N.A., or an affiliate (collectively, the Initial Purchasers). The following guidelines have been applied to the issuance of the Bonds:

- Must be privately placed with and transferred only to (A) an Affiliate (as defined in the Indenture) of an Initial Purchaser or to a trust or custodial arrangement established by an Initial Purchaser, each of the holders of which is an Initial Purchaser or an Affiliate of an Initial Purchaser or (B) to a “Qualified Institutional Buyer” (QIB) as defined by SEC Rule 144A, promulgated under the Securities Act of 1933, as amended or a trust or other custodial arrangement established by an Initial Purchaser or one of its Affiliates, the owners of any beneficial interest in which are limited to QIBs;
- Minimum denomination of \$250,000 or any integral multiple of \$5,000 in excess of \$250,000;
- Unconditional Promise to Pay from Borrower;
- Investor Letter required at issuance;
- Bond 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 Bonds will be placed with more sophisticated investors given the higher risk typically perceived to be associated with unrated debt. The Bonds are not rated at this time because the Initial Purchasers do not require a rating. The Initial Purchasers are required to be a QIB under SEC Rule 144A and will make an independent credit determination to purchase the Bonds, as applicable. The foregoing will be reflected in the Investor Letter (or equivalent provisions in the Bond Purchase Contracts).

**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:

**Children's Hospital Los Angeles  
Statement of Activities  
(Income Statement)**

	For the Years Ended June 30,		
	(In Thousands)		
	2021	2020	2019
<b>Revenues</b>			
Patient service revenue	\$ 715,637	\$ 805,665	\$ 855,662
Hospital fee program revenue	274,774	259,527	399,702
Grants, contracts, and other	146,020	146,125	135,834
Unrestricted gifts and bequests	49,154	39,285	48,545
COVID-19 provider relief funds	97,527	26,907	-
Investments income used for operations, research, and education	14,820	16,852	17,648
Net assets released from restrictions used for operations, research, and education	28,201	31,388	28,097
Total revenues	1,326,133	1,325,749	1,485,488
<b>Expenses</b>			
Salaries and employee benefits	684,895	685,554	653,403
Professional fees and purchased services	254,390	251,983	221,101
Supplies	186,317	173,602	161,627
Hospital fee program	51,706	53,776	56,080
Other	77,924	78,018	79,156
Total expenses	1,255,232	1,242,933	1,171,367
Excess of revenues over expenses before depreciation, amortization, and interest	70,901	82,816	314,121
<b>Depreciation, amortization, and interest</b>			
Depreciation and amortization	57,804	62,725	63,799
Interest	19,720	19,556	19,706
Total depreciation, amortization, and interest	77,524	82,281	83,505
Excess (deficit) of revenues over expenses	(6,623)	535	230,616
<b>Other gains (losses)</b>			
Other investment income - net of fees	78,983	11,731	7,754
Net investments income used for operations, research, and education	(14,820)	(16,852)	(17,648)
Interest rate swap mark-to-market gain	4,459	(5,123)	(3,415)
Other gains (losses)	(775)	787	(410)
Total other gains (losses)	67,847	(9,457)	(13,719)
Excess (deficit) of revenues over expenses and other gains (losses)	61,224	(8,922)	216,897
<b>Net assets without donor restrictions</b>			
Net assets released from restrictions used for purchase of property and equipment	12,222	7,725	3,413
Transfers and other	(5,144)	1,782	814
Increase in net assets without donor restrictions	68,302	585	221,124
Increase in net assets with donor restrictions	70,104	46,976	76,607
Increase in net assets	138,406	47,561	297,731
Net assets, beginning of year	1,680,206	1,632,645	1,334,914
Net assets, end of year	\$ 1,818,612	\$ 1,680,206	\$ 1,632,645

**Children's Hospital Los Angeles**  
**Statements of Financial Position**  
**(Balance Sheet)**

	<b>As of June 30,</b>			
	<b>(In Thousands)</b>			
	<b>2021</b>	<b>2020</b>	<b>2019</b>	
<b>Assets</b>				
Current assets:				
Cash and cash equivalents	\$ 104,430	\$ 122,040	\$ 158,300	
Patient accounts receivable	179,246	192,762	199,944	
Contract assets	45,831	38,544	56,847	
Current portion of pledges receivable - net	17,211	20,885	19,671	
Grants receivable	20,998	33,730	9,371	
Receivables under government and state programs	23,937	17,613	10,566	
Current portion of trustee - held funds	6,847	6,983	7,044	
Hospital Fee Program receivable	114,914	177,368	174,725	
Other currents	47,139	35,233	33,280	
Total current assets	<u>560,553</u>	<u>645,158</u>	<u>669,748</u>	
Assets limited to use:				
Investments	1,020,058	714,378	617,177	
Unitrust investments	4,136	3,382	4,224	
Pledges Receivable - net of current portion	45,678	55,235	55,399	
Other assets	76,920	21,612	17,491	
Property, plant, and equipment - net	991,353	976,488	956,330	
Total assets	<u>\$ 2,698,698</u>	<u>\$ 2,416,253</u>	<u>\$ 2,320,369</u>	
<b>Liabilities and Net Assets</b>				
Current liabilities:				
Accounts payable and accrued expenses	\$ 113,011	\$ 81,809	\$ 78,665	
Salaries, wages, and related liabilities	108,565	85,517	75,149	
Current portion of long-term debt	1,450	1,390	1,325	
Payables under government programs	29,752	4,618	-	
Hospital fee program payables	42,323	44,695	26,646	
Deferred revenue and other liabilities	18,147	22,816	11,606	
Total current liabilities	<u>313,248</u>	<u>240,845</u>	<u>193,391</u>	
Long-term debt, net of current portion	455,281	458,159	461,000	
Liability under unitrust agreements	1,228	1,509	2,154	
Interest rate swap	12,889	17,348	12,225	
Other noncurrent liabilities	97,440	18,186	18,954	
Total liabilities	<u>880,086</u>	<u>736,047</u>	<u>687,724</u>	
Net assets:				
Without donor restrictions	1,280,373	1,212,071	1,221,486	
With donor restriction	538,239	468,135	421,159	
Total net assets	<u>1,818,612</u>	<u>1,680,206</u>	<u>1,642,645</u>	
Total liabilities and net assets	<u>\$ 2,698,698</u>	<u>\$ 2,416,253</u>	<u>\$ 2,330,369</u>	
<b>Proforma</b>				
	<b>FYE June 30, 2021</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>
Debt Service Coverage by Operating Income (x)	2.55	3.36	3.97	14.79
Debt Service Coverage by Net Assets (x)	5.25	6.91	3.97	14.34
Debt to Unrestricted Net Assets (x)	0.35	0.36	0.38	0.38
Margin (%)		(0.50)	0.04	15.52
Current Ratio (x)		1.79	2.68	3.46

## **Financial Discussion**

### **CHLA's income statement appears to exhibit recovering net income over the review period.**

CHLA experienced a significant decrease in its two primary revenue sources – patient service revenue and hospital fee program revenue – in fiscal year (FY) 2021 and FY 2020 compared to FY 2019. Patient service revenue decreased from approximately \$855.7 million in FY 2019 to approximately \$805.7 million in FY 2020 and even further to approximately \$715.6 million in FY 2021. Hospital fee program revenue decreased from approximately \$399.7 million in FY 2019 to approximately \$259.5 million, but then improved to approximately \$274.8 million in FY 2021. According to CHLA's management, the decrease in revenue in FY 2021 reflects the impacts of the COVID-19 pandemic, which had a significant impact on inpatient and Emergency Department volumes, resulting in a decrease in inpatient discharges of approximately 6%, from 17,253 in FY 2020 to 16,296 in FY 2021.

Operating expenses increased approximately 7% from approximately \$1.2 billion in FY 2019 to \$1.3 billion in FY 2021 as salaries and benefits, professional fees and purchased services, and supplies all experienced continual increases each year of the review period. According to CHLA's management, the increases in operating expenses are primarily due to increases in salaries and benefits for staff members, increases in pharmaceuticals as well as supply costs due to the COVID-19 pandemic.

CHLA received COVID-19 Provider Relief Funds of approximately \$26.9 million in FY 2020 and approximately \$97.5 million in FY 2021; however, the funding did not offset the decreased revenues and increased expenses. CHLA's net assets without donor restrictions decreased from approximately \$221.1 million in FY 2019 to approximately \$585,000 in FY 2020, but then recovered to approximately \$68.3 million in FY 2021. CHLA expects operating revenues to increase as volumes continue to improve coming out of the pandemic, as well as an increase in international revenue as travel for international healthcare becomes more robust. Although CHLA expects pandemic-related expenses for supplies to begin decreasing in FY 2023, and costs related to clinical staffing are expected to continue increasing as the competition for a decreasing number of registered nurses grows in significance.

### **CHLA appears to have a solid financial position with a pro forma operating debt service coverage ratio of 2.6x.**

Over the three-year period in review, CHLA maintained solid operating debt service coverage ratios of 14.79x in FY 2019, 3.97x in FY 2020, and 3.36x in FY 2021. After refunding the 2012A bonds, CHLA's ability to repay its debt will remain strong with a pro forma debt service coverage ratio of 2.6x. Likewise, the FY 2021 debt to unrestricted net assets ratio of 0.36x and, with the FY 2021 proforma remaining at 0.35x, suggests that CHLA has ample ability to take on new debt.

Moreover, total assets increased 16%, from approximately \$2.3 billion in FY 2019 to \$2.7 billion in FY 2021. Liabilities also increased from approximately \$688 million in FY 2019 to \$880 million in FY 2021, an increase of 28%. According to CHLA's management, the increase in assets is primarily due to increases in unrestricted cash and investments, which are mainly due to the receipt of significant cashflows from the Provider Fee Program in FY 2021, as well as market returns. In addition, according to CHLA's management, the increase in liabilities is due to a change in lease accounting standards of operating lease liabilities that requires operating lease liabilities to be included and normal growth in accounts payable and accrued expenses, including salaries, wages, and related liabilities.

#### 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):** CHLA properly completed and submitted the Pass-Through Savings Certification.
- **Government Code section 15459.1 of the Act (Community Service Obligation):** CHLA properly completed and submitted the Community Service Obligation Certification and indicated that Medi-Cal and Medicare patients are accepted. Below is a link to the CHLA's most recent Annual Report regarding community service:  
  
<https://www.chla.org/community>
- **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 CHLA has no religious affiliation.
- **Legal Review:** CHLA 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:**

**(In Thousands)**

<u>Issue:</u>	<u>Original Amount</u>	<u>Amount Outstanding as of 6/30/2021</u>	<u>Estimated Amount Outstanding After Proposed Financing</u>
<b>Existing Debt</b>			
CHFFA Revenue Bonds, Series 2012	\$ 120,760	\$ 115,029	\$ -
CHFFA Revenue Bonds, Series 2017	274,520	341,702	341,702
<b>Proposed Financing</b>			
CHFFA Tax Exempt Bonds (2022)		-	105,000
<b>TOTAL</b>		<b>\$ 456,731</b>	<b>\$ 446,702</b>

**VI. UTILIZATION STATISTICS:**

**Children's Hospital Los Angeles**

**UTILIZATION STATISTICS**

	<u>Fiscal Year Ended June 30,</u>		
	<u>2021</u>	<u>2020</u>	<u>2019</u>
Licensed Beds	495	495	495
Available Beds	413	379	379
Admissions	16,345	17,210	17,716
Patient Days	109,094	115,793	118,203
Average Length of Stay (Days)	6.7	7.0	6.7
Inpatient Surgical Procedures	7,369	7,305	7,390
Outpatient Surgical Procedures	9,040	9,101	9,893
Emergency Room Visits <sup>1</sup>	58,248	83,868	94,908
Outpatient Visits - Main Clinic	219,621	205,398	216,467
Outpatient Visits - Teaching Clinics	29,320	24,023	26,920
Outpatient Visits - Mental Health	59,038	54,808	53,791

<sup>1</sup> Includes Emergency Room Visits resulting in inpatient admissions.



## **VII. BACKGROUND AND LICENSURE:**

### **Background**

Children's Hospital Los Angeles, founded in 1901, is a California nonprofit public benefit corporation that provides pediatric and adolescent healthcare services. CHLA is the first and largest pediatric hospital in Southern California, and it delivers quality patient care, education, and innovative research efforts in a setting designed for the unique needs of children. CHLA is the only freestanding Level 1 Pediatric Trauma Center in Los Angeles County, which has been approved by the Los Angeles County Department of Health Services as well as accredited by the Committee on Trauma of the American College of Surgeons.

CHLA is a licensed 495-bed acute care hospital, of which 120 are intensive care beds. CHLA operates approximately 19 hospital-based outpatient clinic programs and related facilities for the care and treatment of sick and injured children ranging in age from newborn through 21 years. CHLA is also a premier teaching hospital and has been affiliated with the Keck School of medicine of the University of Southern California since 1932.

### **Licensure and Accreditation**

CHLA is licensed by the California Department of Public Health and is a member of, among other organizations, the California Hospital Association, the California Children's Hospital Association and the Hospital Association of Southern California. Also, CHLA receives accreditation as a hospital from The Joint Commission.

## **VIII. STAFF RECOMMENDATION:**

Staff recommends the Authority approve Resolution No. 448 in an amount not to exceed \$105,000,000 for Children's Hospital Los Angeles 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**

- 4546, 4551, 4584, 4601, 4650, & 4661 Sunset Boulevard, Los Angeles, California
- 4616 DeLongpre Avenue, Los Angeles, California
- 4600 Maubert Avenue, Los Angeles, California

## EXHIBIT 2

### FINANCING TEAM

**Borrower:** Children's Hospital Los Angeles

**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:** Ropes & Gray LLP

**Borrower's Financial Advisor:** H2C Securities, Inc.

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

**Bank Purchasers:** Bank of America, N.A.  
J.P. Morgan Chase Bank, N.A.

**Bank Purchasers' Counsels:** Mark Raymond Law  
Chapman and Cutler LLP

**Trustee:** The Bank of New York Mellon Trust  
Company, N.A.

**Trustee's Counsel:** Foley & Lardner LLP

**Verification Agent:** Causey Demgen & Moore P.C.

**Auditor:** Deloitte & Touche LLP

RESOLUTION NO. 448

RESOLUTION OF THE CALIFORNIA HEALTH FACILITIES FINANCING AUTHORITY  
AUTHORIZING THE ISSUANCE OF  
REVENUE BONDS TO REFINANCE  
PROJECTS AT THE HEALTH FACILITIES OF  
CHILDREN'S HOSPITAL LOS ANGELES

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, Children's Hospital Los Angeles (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 \$105,000,000 and make one or more loans of the proceeds thereof to the Corporation for any or all of the following purposes: (i) to refinance all or a portion of the California Health Facilities Financing Authority Revenue Bonds (Children's Hospital Los Angeles), Series 2012A, which refinanced costs of the acquisition, construction, expansion, remodeling, renovation, furnishing and/or equipping of certain health facilities owned and/or operated by the Corporation, as more particularly described under the caption "Prior Project" in Exhibit A hereto (the "Prior Project"), and (ii) 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, and JPMorgan Chase Bank, N.A., or an affiliate thereof, each of which is a "Qualified Institutional Buyer" as defined under Rule 144A of the Securities Act of 1933 (each a "Purchaser" and collectively, the "Purchasers"), for the purpose of refinancing the Prior 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 Prior 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 (Children’s Hospital Los Angeles), Series 2022” (the “Bonds”), in a total aggregate principal amount not to exceed \$105,000,000, 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 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 or 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 a 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 the 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. The Executive Director or Deputy 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 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 applicable 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 applicable 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) a 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**

### **PRIOR PROJECT**

The Prior Project consists of the acquisition, construction, expansion, remodeling, renovation, furnishing and/or equipping of capital projects located on or about the campus of the health facilities located generally at:

- 4546 Sunset Boulevard, Los Angeles, California
- 4551 Sunset Boulevard, Los Angeles, California
- 4584 Sunset Boulevard, Los Angeles, California
- 4601 Sunset Boulevard, Los Angeles, California
- 4650 Sunset Boulevard, Los Angeles, California
- 4661 Sunset Boulevard, Los Angeles, California
- 4616 DeLongpre Avenue, Los Angeles, California
- 4600 Maubert Avenue, Los Angeles, California