

CALIFORNIA HEALTH FACILITIES FINANCING AUTHORITY (Authority)

STAFF SUMMARY RECOMMENDATION

CITY OF HOPE AND CERTAIN OF ITS AFFILIATES

Amendment to Resolution No. 384

August 31, 2023

PURPOSE OF THE AMENDMENTS

City of Hope and Certain of its Affiliates (COH) seeks approval of the Amendment to Resolution No. 384 to reissue certain of the Series 2012A bonds (the Bonds) in a direct purchase transaction, extend the no-call period for the Bonds until November 15, 2033, change the authorized denominations of the Bonds to \$100,000 and \$5,000 in excess thereof, and amend the project list.

BACKGROUND

In October 2012, the Authority authorized the issuance of tax-exempt bonds in an amount not to exceed \$351,000,000 for COH. Bond proceeds were used to finance and refinance certain capital projects.

In November 2012, the Authority issued Series 2012A tax-exempt bonds in the principal amount of \$234,635,000 (of which \$180,605,000 is currently outstanding), which included a 10-year call provision. Now that the Bonds have passed the 10-year call period, COH plans to purchase the Bonds in lieu of redemption as authorized by the Bond Indenture. COH then intends to sell such Bonds to a “qualified institutional buyer” (as defined in of Rule 144A under the Securities Act of 1933, as amended) in a direct purchase transaction and amend the terms of such Bonds and the project as described above.

COH intends to use the additional proceeds generated from the resale of the Bonds to finance the construction, acquisition, renovation, remodeling, furnishing and equipping of certain health facilities located at the COH Medical Campus in Duarte including an outpatient clinic; a parking structure to support the outpatient clinic and balance parking requirements across COH’s campus; a new building providing accommodations for patients, family members, and guests; and routine capital expenditures. Proceeds may also be used to pay certain expenses incurred in connection with the purchase in lieu of redemption and resale of the Bonds.

RECOMMENDATION

Staff recommends the Authority approve the Amendment to Resolution No. 384, with all prior provisions and conditions remaining unchanged and in full effect.

EXHIBIT 1
FINANCING TEAM

Borrower: City of Hope and certain of its affiliates

Agent for Sale: California State Treasurer

Issuer's Counsel: Office of the Attorney General

Issuer's Municipal Advisor: KNN Public Finance, LLC

Borrower's Counsel: Chapman and Cutler LLP

Purchaser: TBD

Underwriter/Broker Dealer: RBC Capital Markets, LLC
and/or a nationally recognized broker dealer

Underwriter's Counsel: Orrick, Herrington & Sutcliffe LLP

AMENDMENT TO RESOLUTION NO. 384

RESOLUTION OF THE CALIFORNIA HEALTH FACILITIES FINANCING AUTHORITY AUTHORIZING THE EXECUTION AND DELIVERY OF A FIRST SUPPLEMENTAL BOND INDENTURE WHICH SUPPLEMENTS AND AMENDS THE BOND INDENTURE DATED AS OF NOVEMBER 1, 2012, PURSUANT TO WHICH THE CALIFORNIA HEALTH FACILITIES FINANCING AUTHORITY REVENUE BONDS (CITY OF HOPE) SERIES 2012A WERE ISSUED, AND CERTAIN RELATED MATTERS

WHEREAS, the California Health Facilities Financing Authority (the “Authority”), a public instrumentality of the State of California, is authorized and empowered by the provisions of the California Health Facilities Financing Authority Act (the “Act”) to issue revenue bonds and loan proceeds thereof to any participating health institution to finance the construction, expansion, remodeling, renovation, furnishing, equipping and acquisition of health facilities (including by reimbursing expenditures made for such 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, City of Hope is a nonprofit public benefit corporation duly organized and existing under the laws of the State of California (the “Corporation”) that owns and operates health care facilities in the State of California; and

WHEREAS, in accordance with the Act and Resolution No. 384 adopted by the Authority on October 25, 2012 (the “Original Resolution”), the Authority has previously issued its Revenue Bonds (City of Hope) Series 2012A, in the aggregate principal amount of \$234,635,000, of which \$180,605,000 is currently outstanding (the “Series 2012A Bonds”); and

WHEREAS, the Series 2012A Bonds were issued pursuant to the Bond Indenture dated as of November 1, 2012 (the “Existing Bond Indenture” and, as supplemented and amended hereby, the “Bond Indenture”), between the Authority and the U.S. Bank Trust Company, National Association, as successor in interest to MUFG Union Bank, N.A., as bond trustee (the “Bond Trustee”); and

WHEREAS, the proceeds from the sale of the Series 2012A Bonds were loaned to the Corporation pursuant to the Loan Agreement dated as of November 1, 2012 (the “Loan Agreement”) between the Corporation and the Authority; and

WHEREAS, the Corporation desires to cause certain of the Series 2012A Bonds to be purchased in lieu of redemption (such bonds being referred to herein as the “Amended Bonds”) in accordance with the Existing Bond Indenture; and

WHEREAS, following such purchase in lieu of redemption, the Corporation will sell the Amended Bonds to RBC Capital Markets, LLC or another nationally recognized broker-dealer, as underwriter (the “Underwriter”), pursuant to a Purchase Agreement between the Corporation and the Underwriter; and

WHEREAS, in connection with such purchase in lieu of redemption, the Corporation desires to make certain amendments to the Existing Bond Indenture to amend the terms of redemption and the authorized denominations of such Amended Bonds, and the Project as described in Exhibit A to the Original Resolution (collectively, the “Amendments”); and

WHEREAS, the Amended Bonds are expected to be sold at a purchase price at a premium to par, and the Corporation will apply such premium to a qualified project; and

WHEREAS, the Underwriter will sell the Amended Bonds to one or more purchasers (collectively, the “Purchaser”), and, following such sale, the Amended Bonds will continue to be registered in the name of Cede & Co., as Holder (as defined in the Bond Indenture) and registered owner of the Amended Bonds, and the Purchaser will be the beneficial owner of 100% of the Amended Bonds; and

WHEREAS, in order to accomplish the foregoing, it will be necessary for the Authority to execute and deliver, among other things, (i) a First Supplemental Bond Indenture (the “First Supplemental Bond Indenture”) between the Authority and the Bond Trustee, supplementing and amending the Existing Indenture, and (ii) one or more Amended Bonds, the form of which is attached as an exhibit to the First Supplemental Bond Indenture; and

WHEREAS, Section 9.01(A) of the Existing Bond Indenture provides that the Authority and the Bond Trustee may modify or amend the Existing Bond Indenture from time to time with the written consent of the Holders of a majority in aggregate principal amount of the Series 2012A Bonds then Outstanding, and the Purchaser, as the beneficial owner of 100% of the Amended Bonds, which constitute more than a majority in aggregate principal amount of the Series 2012A Bonds then Outstanding, will consent to the Amendments made by the First Supplemental Bond Indenture and, as a result, the Holder will be deemed to consent to the Amendments made by the First Supplemental Bond Indenture; and

WHEREAS, the Authority’s approval of the execution and delivery of the First Supplemental Bond Indenture and the Amended Bonds and various related matters is now sought;

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

SECTION 1. The Authority hereby approves the Amendments, including the amended Project as described in Exhibit A, attached hereto and incorporated herein.

SECTION 2. The following documents:

- (a) the First Supplemental Bond Indenture, and
- (b) one or more Amended Bonds,

are hereby approved in substantially the forms on file with the Authority prior to this meeting, with such insertions, deletions or changes therein as the officer(s) executing and/or delivering the same may require or approve, such approval to be conclusively evidenced by execution and delivery thereof. The Executive Director shall seek the advice of counsel to the Authority with respect to any such insertions, deletions or changes therein.

SECTION 3. The Amended 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 Amended Bonds by executing the Bond Trustee's Certificate of Authentication appearing thereon, and to deliver the Amended Bonds, when duly executed and authenticated, to or upon direction of the Underwriter thereof.

SECTION 4. 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 effectuate the purposes of this Resolution, the First Supplemental Bond Indenture, and one or more Amended Bonds. 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) an IRS Form 8038; for the Series 2012A Bonds.

SECTION 5. The provisions of the Authority's Resolution No. 2022-05 apply to the documents and actions approved in this Resolution.

SECTION 6. 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 7. This Resolution shall take effect from and after the date of adoption.

Date of Adoption: _____

EXHIBIT A

“Project” means:

(1) the Project originally financed by the Series 2012A Bonds, consisting of: 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 1450 and 1500 E. Duarte Road, Duarte, California, 1710 Flower Street, Duarte, California, 2144 Buena Vista Street, Duarte, California, 2240 Buena Vista Street, Irwindale, California, 2250 Buena Vista Street, Irwindale, California, 4910 Rivergrade Road, Irwindale, California, 1055 Wilshire Boulevard, Los Angeles, California, and 800 Royal Oaks Drive, Monrovia, California; and

(2) the Project to be financed by the additional proceeds generated from the resale of the Series 2012A Bonds following the purchase in lieu of redemption thereof, consisting of: the financing of (i) the construction, acquisition, renovation, remodeling, furnishing and equipping of certain health facilities of the Corporation or one or more of its affiliates (identified below) including but not limited to (a) an outpatient clinic; (b) a parking structure to support the outpatient clinic and balance campus parking requirements across campus; (c) a new building providing accommodations for patients, family members and guests and (d) routine capital expenditures located within the “Medical Campus” described below. 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.