

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

Applicant/ Borrower:	City of Hope (COH) 1500 E Duarte Road Duarte, CA 91010 (Los Angeles County)	Amount Requested:	\$230,000,000
		Requested Loan Term:	40 years
		Authority Meeting Date:	May 29, 2025
		Resolution Number:	466
Project Sites:	See Exhibit 1		
Facility Type:	Acute Care Hospital		
Eligibility:	Government Code Section 15432(d)(1)		
Prior Borrower:	Yes (last CHFFA issuance June 2019)		
Obligated Group:	The Obligated Group (“Obligated Group”) is identified in <i>Section VIII</i>		
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.			
Use of Proceeds: Bond proceeds will be used to refund all or a portion of the outstanding CHFFA Series 2012A and CHFFA Series 2019 bonds and pay costs of issuance.			
Type of Issues:	Private Placement		
Expected Credit Rating:	Unrated ¹ – <i>Please see Guidelines Discussion on page 3</i>		
Financing Team:	<i>See Exhibit 2 to identify possible Conflicts of Interest</i>		
¹ COH will be required to obtain at least one rating within 60 days of pricing the Series 2025 bonds.			
Financial Overview: COH’s income statement reflects improving operating results and a strong growth trajectory as shown through increasing revenues, gains, and other support over the review period. COH’s balance sheet highlights a strengthened financial position with a net pro-forma FY 2024 debt service coverage ratio of 6.8x.			
<u>Estimated Sources of Funds:</u>		<u>Estimated Uses of Funds:</u>	
Bond proceeds	\$ 230,000,000	Refunding	\$ 227,700,000
		Financing costs	2,300,000
Total Estimated Sources	\$ 230,000,000	Total Estimated Uses	\$ 230,000,000
Due Diligence: Staff has confirmed the documentation provided by COH satisfies the California Health Facilities Financing Authority’s (Authority) requirements: Eligibility, Legal Review, and the certifications for Pass-Through Savings and Community Service Obligation.			
Staff Recommendation: Staff recommends the Authority approve Resolution Number 466 in an amount not to exceed \$230,000,000 for City of Hope, 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.			

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:

COH intends to use the bond proceeds to refund all or a portion of its outstanding Series 2012A CHFFA bonds and Series 2019 CHFFA bonds to generate net present value savings and pay costs of issuance. COH estimates the refunding will generate a net present value savings of approximately \$12 million over the life of the bonds. The new bonds will be directly purchased by Morgan Stanley Bank, N.A. or an affiliate.

Refunding..... \$227,700,000

CHFFA Series 2012 A

The Series 2012 A bonds were issued in the amount of \$234,635,000 of which \$165,095,000 remains outstanding. Bond proceeds were used to refund the City of Duarte's Certificates of Participation, Series 1999A, Association of Bay Area Governments Finance Authority Series 2006A, B and C bonds, and the California Enterprise Development Authority 2007 Promissory Note. In addition, bond proceeds were used to fund various capital projects.

CHFFA Series 2019

The Series 2019 bonds were originally issued in the amount of \$334,905,000, of which \$332,390,000 is currently outstanding. Bond proceeds were used 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.

Financing Costs 2,300,000

Estimated cost of issuance \$2,300,000

Total Estimated Uses of Funds \$230,000,000

II. GUIDELINES DISCUSSION:

The CHFFA Series 2025 bonds (the 2025 Bonds) will be an unrated, direct placement with Morgan Stanley Bank, N.A., or an affiliate (Initial Purchaser). The following are the Authority's guidelines for unrated debt:

- 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*
- Minimum denomination of \$250,000*
- Unconditional Promise to Pay from Borrower
- Investor Letter required at issuance
- Bond transfer restrictions must be noted conspicuously on the bond itself*
- 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 2025 Bonds are not rated at this time because the Initial Purchaser does not require a rating. The Initial Purchaser is required to be a QIB under SEC Rule 144A and will make an independent credit determination to purchase the 2025 Bonds. The foregoing will be reflected in the Investor Letter (or equivalent provisions in the Bond Purchase Contract).

* COH will covenant to obtain ratings on the Series 2025 Bonds by at least one nationally recognized rating agency within 60 days of the pricing date for the Series 2025 Bonds. Such rating is expected to be an investment grade rating. COH has requested the following exceptions to the Authority's Bond Issuance Guidelines for Unrated Debt for this transaction:

- The Series 2025 Bonds will be sold to and purchased by the Initial Purchaser and may be transferred only to (A) an affiliate of the Initial Purchaser or to a trust or custodial arrangement established by the Initial Purchaser, each of the holders of which is the Initial Purchaser or an affiliate of the Initial Purchaser, (B) one or more QIBs as defined by SEC Rule 144A, promulgated under the Securities Act of 1933, as amended, or (C) a trust or other custodial arrangement established by the purchaser or one of its affiliates, the owners of any beneficial interest in which are limited to QIBs; however, the Bond Indenture will provide that these transfer restrictions will no longer apply when and if an investment grade rating (BBB- or higher) is received from any nationally recognized rating agency (an "Investment Grade Confirmation");
- The Series 2025 Bonds will be in minimum denominations of \$100,000 or any integral multiple of \$5,000 in excess of \$100,000; however, the Bond Indenture will provide that the minimum denominations for the Series 2025 Bonds will be reduced to \$5,000 and any integral multiple thereof when and if an Investment Grade Confirmation is received;

- The bond transfer restrictions identified at the beginning of this section will no longer apply when and if an Investment Grade Confirmation is received; and
- The Bonds will be in book-entry form, with The Depository Trust Company acting as the securities depository.

III. PROPOSED COVENANTS, SECURITY PROVISIONS AND DISCLOSURES:

This executive summary and recommendations includes 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 2025 Bonds transaction, COH and its municipal advisor, Kaufman, Hall & Associates, LLC ("Kaufman"); KNN Public Finance, LLC ("KNN"), the Authority's municipal advisor; and the purchaser of the Series 2025 Bonds have concluded that the covenants listed below should be applicable to this transaction, are consistent with covenants that have applied to the Obligated Group's prior bond transactions, and that the Obligated Group's current financial situation does not suggest that additional covenants should be required.

In October 2023, COH entered into an amended and restated 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 2025 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 2025 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 2019 Bonds 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 Trustee¹ all amounts required for payment of the principal, interest and redemption premium, if applicable, with respect to the proposed Series 2025 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 2025 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 2025 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 2025 Bonds. No reserve fund will be established for the proposed Series 2025 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 1.10.*

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.*

¹ Capitalized terms are defined in the bond documents and/or the Master Indenture. Copies of the bond documents and Master Indenture are on file with CHFFA staff.

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.*

Continuing Disclosure. *COH, on behalf of the Obligated Group, will contractually agree to disclose designated financial and operating information to the SEC web site (EMMA) during the life of the 2025 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 bond documents associated with the proposed financing and found these documents and proposed covenants to be acceptable.

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IV. FINANCIAL STATEMENTS AND ANALYSIS:

City of Hope
Statement of Activities (Obligated Group)
(Income Statement)

	For the Years Ended September 30,		
	(In Thousands)		
	2024	2023	2022
Revenues, gains, and other support			
Net patient service revenues	\$ 3,324,772	\$ 2,915,245	\$ 2,394,401
Research grants, contracts and clinical trials	217,499	206,652	186,531
Contributions	296,776	272,693	206,555
Investment income	249,699	205,893	237,346
Net unrealized gain (loss) on investments	392,310	232,058	(640,402)
Royalty and licensing revenue	-	8,456	19,916
Other revenue	106,431	74,530	62,375
Total revenues, gains, and other support	4,587,487	3,915,527	2,466,722
Expenses			
Salaries, wages, and employee benefits	1,365,888	1,191,882	1,073,727
Purchased services and professional fees	651,011	683,229	705,599
Supplies and pharmaceuticals	1,339,588	1,096,085	872,688
Royalty sharing	-	2,833	6,416
Interest, including changes in fair value of swap agreements	138,388	69,308	2,904
Depreciation and amortization	161,179	153,597	147,058
Hospital provider fee	35,083	28,052	27,081
Equipment rental and maintenance	35,354	31,217	-
Occupancy	62,532	60,140	-
Insurance	6,668	5,725	-
Other expense	94,290	68,998	154,145
Total expenses	3,889,981	3,391,066	2,989,618
Change in net assets before other changes	697,506	524,461	(522,896)
Distributions (to) from affiliates	-	-	(205)
Changes in net assets	697,506	524,461	(523,101)
Net assets, beginning of year	4,845,874	4,321,413	4,844,514
Net assets, end of year	\$ 5,543,380	\$ 4,845,874	\$ 4,321,413

City of Hope
Statements of Financial Position (Obligated Group)
(Balance Sheet)

	As of September 30,		
	(In Thousands)		
	2024	2023	2022
Assets			
Current assets:			
Cash and cash equivalents	\$ 463,829	\$ 366,020	\$ 22,001
Short-term investments	1,443,843	1,564,174	1,496,108
Self-insurance trust funds	3,628	4,464	3,959
Patient accounts receivable, net	533,957	435,026	349,856
Grants and other receivables	174,418	194,356	156,216
Current portion of donor-restricted unconditional promises to give, net	94,191	69,775	46,951
Prepaid and other	80,073	77,050	70,595
Due from third-party payors	-	23,403	-
Due from affiliates	960,471	77,149	15,154
Total current assets	<u>3,754,410</u>	<u>2,811,417</u>	<u>2,160,840</u>
Property and equipment, net	2,289,158	2,037,872	1,722,993
Right-of-use finance lease assets	5,771	5,250	7,472
Right-of-use operating lease assets	176,510	156,985	171,208
Other assets:			
Long-term investments	4,939	3,880	18,892
Board-designated assets	1,464,591	1,208,842	1,050,182
Bond trust funds	12	75,522	160,785
With donor restrictions:			
Investments	848,477	724,327	641,801
Unconditional promises to give, net	265,122	208,758	140,817
Contributions receivable from annuity and split-interest agreements	93,985	101,313	106,867
Other	36,769	29,959	20,321
Goodwill and other intangible assets	32,480	37,233	42,663
Interest rate swaps	8,601	12,443	-
Other long-term assets	272,638	228,236	183,074
Total other assets	<u>3,027,614</u>	<u>2,630,513</u>	<u>2,365,402</u>
Total assets	<u>\$ 9,253,463</u>	<u>\$ 7,642,037</u>	<u>\$ 6,427,915</u>

(Continued)

City of Hope
Statements of Financial Position (Obligated Group)
(Balance Sheet Continued)

		As of September 30, (In Thousands)		
		2024	2023	2022
Liabilities and Net Assets				
Current liabilities:				
Accounts payable and other accrued liabilities	\$	78,825	\$ 114,138	\$ 366,865
Accrued liabilities		285,891	243,879	
Accrued salaries, wages, and employee benefits		147,560	116,811	119,054
Long-term debt, current portion		333,565	7,560	7,190
Right-of-use finance leases, current portion		2,072	6,255	5,929
Right-of-use operating leases, current portion		20,972	17,384	20,838
Short-term borrowings		250,000	123,408	-
Contract liabilities		27,267	19,262	12,569
Due to third-party payors		45,180	-	27,153
Due to affiliates		33,431	22,333	11,096
Total current liabilities		1,224,763	671,030	570,694
Long-term debt, net of current portion		2,179,745	1,865,744	1,278,256
Right-of-use finance leases, net of current portion		3,856	6,720	9,949
Right-of-use operating leases, net of current portion		163,924	145,294	152,609
Annuity and split-interest agreement obligations		36,955	33,053	27,854
Interest rate swaps		1,896	-	2,232
Other		98,944	74,322	64,907
Total liabilities		3,710,083	2,796,163	2,106,501
Net assets:				
Without donor restrictions:				
Controlling interests		4,242,007	3,745,544	3,393,694
With donor restriction		1,301,373	1,100,330	927,720
Total net assets		5,543,380	4,845,874	4,321,414
Total liabilities and net assets	\$	9,253,463	\$ 7,642,037	\$ 6,427,915
Proforma				
	FYE September 30, 2024	2024	2023	2022
Debt Service Coverage by Operating Income (x)	6.8	6.6	9.1	(24.7)
Debt Service Coverage by Net Assets (x)	6.8	6.6	9.1	(24.7)
Debt to Unrestricted Net Assets (x)	0.6	0.6	0.5	0.4
Margin (%)		15.2	13.4	(21.2)
Current Ratio (x)		3.1	4.2	3.8

Financial Discussion

COH's income statement reflects improving operating results and a strong growth trajectory as shown through increasing revenues, gains, and other support over the review period.

COH has exhibited substantial revenue growth over the past three fiscal years, with total revenues, gains, and other support increasing from approximately \$2.5 billion in FY 2022 to approximately \$4.6 billion in FY 2024. This upward trend was largely driven by strong performance in net patient service revenues, which rose from nearly \$2.4 billion in FY 2022 to approximately \$3.3 billion in FY 2024. According to COH's management, this growth was driven by expansions in the Los Angeles County and Orange County campuses and the 2022 acquisition of the Cancer Treatment Centers of America (CTCA). Additionally, COH benefited from a substantial turnaround from a net unrealized loss on investments of approximately \$640.4 million in FY 2022 to a gain of approximately \$392.3 million in FY 2024. COH's management stated that this increase was largely due to market movement and unrelated to operations.

COH experienced a significant financial turnaround between FY 2022 and FY 2024, with operating results improving from a change in net assets of approximately negative \$522.1 million in FY 2022 to a positive change of approximately \$697.5 million in FY 2024. Margins also strengthened substantially, shifting from negative 21.2% to positive 15.2% over the same period. This improvement was supported by total expenses growing at a noticeably slower rate in comparison to total revenues, rising roughly 30.1% from approximately \$3 billion in FY 2022 to \$3.9 billion in FY 2024, while total revenues increased by roughly 86% during the same period. The increase in total expenses was primarily driven by supplies and pharmaceuticals, which increased from approximately \$872.7 million in FY 2022 to approximately \$1.3 billion in FY 2024. COH's management attributed this growth to increased pharmaceutical expenses due to higher volumes and expansion of the specialty pharmacy program. Other factors included the addition of CTCA, expanded operations in Orange County, and inflation. Another major contributor in this expense category was salaries, wages and employee benefits, which climbed from approximately \$1.1 billion in FY 2022 to approximately \$1.4 billion in FY 2024. COH's management noted that this increase was largely due to an increase in employees throughout 2023 and 2024 corresponding with growth and higher volumes, along with some impacts from inflation. A particularly notable change was the increase in interest, including changes in fair value of swap agreements, which increased from approximately \$2.9 million in FY 2022 to approximately \$138.4 million in FY 2024. COH's management explained that this increase was driven by the addition of significant new debt in FY 2023, along with unfavorable changes in the value of interest rate swaps.

COH's balance sheet highlights a strengthened financial position with a pro-forma FY 2024 debt service coverage ratio of 6.8x.

COH's balance sheet reflects substantial asset growth over the review period with total assets increasing from approximately \$6.4 billion in FY 2022 to approximately \$9.3 billion in FY 2024, a roughly 44% growth rate over the three fiscal years. This growth is largely attributed to rising current assets, particularly cash and cash equivalents that rose from approximately \$22 million in FY 2022 to approximately \$463.8 million in FY 2024. This was driven primarily by growth in investments and shifting cash/investments allocation, along with

receipt of proceeds from commercial paper (CP) notes issued in FY 2024, according to COH's management. Total liabilities rose to approximately \$3.7 billion in FY 2024 up from \$2.1 billion in FY 2022. Short-term borrowings, which were not present in FY 2022, emerged as a new liability in FY 2023 at \$123.4 million and increased to \$250 million by FY 2024. COH's management stated that short-term borrowings represents the issuance of \$125 million of CP in FY 2024. However, COH's strong asset base has supported continued growth with total net assets increasing from approximately \$4.3 billion in FY 2022 to approximately \$5.5 billion in FY 2024.

COH's debt service coverage ratio (DSCR) has demonstrated a marked recovery over the review period. After reporting a negative DSCR of 24.7x in FY 2022, the ratio improved to 9.1x in FY 2023 and remained healthy at 6.6x in FY 2024, which is well above industry standards. The debt-to-unrestricted net assets has remained relatively stable, increasing slightly from 0.4x in FY 2022 to 0.6x in FY 2024, indicating manageable leverage. Although the current ratio exhibited a slight decline from 3.8x in FY 2022, it remains within a healthy range at 3.1x in FY 2024. With the proposed issuance of up to \$230 million in revenue bonds, COH's pro-forma FY 2024 operating DSCR improves to 6.8x, further demonstrating its strong capacity to service debt. COH's pro-forma FY 2024 debt-to-unrestricted net assets ratio stands at 0.6x, reflecting the organization's continued ability to maintain a stable financial structure even with the additional debt.

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V. 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):** COH completed and submitted the Pass-Through Savings Certification.
- **Government Code section 15459.1 of the Act (Community Service Obligation):** COH completed and submitted the Community Service Obligation Certification and indicated that Medi-Cal and Medicare patients are accepted. Below is a link to the COH's most recent Annual Report regarding community service:

<https://www.cityofhope.org/about-city-of-hope/community-outreach/community-benefit>

- **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.
- **Legal Review:** COH completed and submitted documentation responsive to 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.

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VI. OUTSTANDING DEBT: (In Thousands)

Issue	Original Amount	Amount Outstanding as of 9/30/2024	Estimated Amount Outstanding After Proposed Financing
Existing Debt			
CHFFA Series 2012A	\$ 234,635	\$ 173,045	\$ -
Series 2013 Direct Obligation Notes	350,000	350,000	350,000
CHFFA Series 2017A & 2017B Notes	65,360	65,360	65,360
Series 2018 Direct Obligation Notes	300,000	300,000	300,000
CHFFA Series 2019	334,905	334,905	274,905
Series 2022BCDE & Series 2023A Direct Obligation Notes	600,000	600,000	600,000
Illinois Finance Authority Series 2023A & 2023B	650,000	531,000	531,000
Long-term line of credit ⁽¹⁾	N/A	119,000	-
Proposed Financing			
CHFFA Series 2025			230,000
TOTAL		\$ 2,473,310	\$ 2,351,265

⁽¹⁾Paid in full on October 15, 2024

VII. UTILIZATION STATISTICS:

	Fiscal Year Ended September 30,		
	2024	2023	2022
Discharges	11,610	10,696	8,982
Adjusted patient days	427,506	383,439	308,165
Occupancy	65.7%	60.9%	69.3%
Chimeric antigen receptor T-cell therapy	441	353	342
Bone marrow transplant (BMT) cases	859	828	794
BMT length of stay	31.8	28.0	29.7
All discharges length of stay	8.1	8.2	9.2
Surgery cases	20,809	19,381	17,312
Outpatient visits and infusions	954,212	813,902	673,116
Unique patients	156,907	144,223	130,826
Case mix index	3.1	3.4	3.6

VIII. BACKGROUND AND LICENSURE:

Background

COH is a California nonprofit public benefit corporation, with its affiliates City of Hope National Medical Center (the Center), City of Hope Medical Foundation (the Foundation) and Beckman Research Institute of the City of Hope (the Institute), which together operate 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 Center's hospital in Duarte, California; and the Foundation's community practices, are the foundation for City of Hope'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 Foundation operates clinics in a number of locations, taking the results of COH's scientific and clinical expertise into local communities.

The Center dates back to 1913, when it was founded as a tuberculosis sanitarium on its present site in Duarte. The 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 Center was incorporated and began to focus on specialized cancer research and treatment. In 1979, a medical research organization, which later became the Institute, was organized as a California nonprofit public benefit corporation to conduct basic scientific research activities. In 2011, the Foundation began operations after it acquired substantially all of the assets of two medical groups that previously provided teaching, administrative, research, and coverage services to the Center.

Licensure and Accreditation

The Center is accredited by The Joint Commission and the College of American Pathologists. The 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. The following entities constitute 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

IX. STAFF RECOMMENDATION:

Staff recommends the Authority approve Resolution Number 466 in an amount not to exceed \$230,000,000 for City of Hope, 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

- 1450 and 1500 E. Duarte Road, Duarte, CA 91010
- 1710 Flower Street, Duarte, CA 91010
- 2144 Buena Vista Street, Duarte, CA 91010
- 2240 and 2250 Buena Vista Street, Irwindale, CA 91010
- 4910 Rivergrade Road, Irwindale, CA 91706
- 1055 Wilshire Boulevard, Los Angeles, CA 90017
- 800 Royal Oaks Drive, Monrovia, CA 91016

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:	Chapman and Cutler LLP
Borrower's Financial Advisor:	Kaufman, Hall & Associates, LLC
Bond Counsel:	Hawkins Delafield & Wood LLP
Bond Purchaser:	Morgan Stanley Bank, N.A. or an affiliate
Bond Purchaser's Counsel:	Orrick, Herrington & Sutcliffe LLP
Trustee & Master Trustee:	U.S. Bank Trust Company, National Association
Trustee's & Master Trustee's Counsel:	Thompson Hine LLP
Auditor:	Ernst & Young LLP

RESOLUTION NO. 466

RESOLUTION OF THE CALIFORNIA HEALTH FACILITIES FINANCING AUTHORITY AUTHORIZING THE ISSUANCE OF REVENUE BONDS TO 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 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 (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 Authority previously issued its Revenue Bonds (City of Hope) Series 2012A (the “2012A Bonds”) in the aggregate principal amount of \$234,635,000, of which \$165,095,000 is currently outstanding, and loaned the proceeds thereof 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 or an affiliate, as more particularly described in EXHIBIT A hereto (the “2012A Prior Project”); and

WHEREAS, the Authority previously issued its Revenue Bonds, Series 2019 (City of Hope) (the “2019 Bonds”), in the aggregate principal amount of \$334,905,000, of which \$57,485,000 is currently outstanding and currently callable, and loaned the proceeds thereof to the Corporation to finance the construction, acquisition and equipping of an outpatient clinic; a parking structure to support the outpatient clinic and balance campus parking requirements across campus; and a new building providing accommodations for patients, family members and guests, all owned or leased and operated by the Corporation or an affiliate as more particularly described in EXHIBIT A hereto (the “2019 Prior Project” and, collectively with the 2012A Prior Project, the “Prior Project”); 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 \$230,000,000, and make one or more loans of the proceeds thereof to the Corporation to (i) refund all or any portion of the outstanding 2012A Bonds and the 2019 Bonds (collectively, the “Prior Bonds”), and (ii) 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, to the extent applicable, that the Prior 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, the Authority’s “Bond Issuance Guidelines” for unrated bonds or bonds rated below investment grade (the “Below Investment Grade Bond Policies”), adopted by the Authority Board in Resolution No. 2012-08, provides, among other things, that (1) bonds may be placed with and transferred to only Qualified Institutional Buyers as defined in SEC Rule 144A; (2) bonds must be issued in minimum denominations of \$250,000; and (3) bonds must be physically delivered; and

WHEREAS, approval of the terms of issuance and sale of such revenue bonds and various related matters is now sought; and

WHEREAS, in connection with the issuance and sale of such revenue bonds, the Corporation requests that the Authority waive operation of the Below Investment Grade Bond Policies listed in the seventh recital above (the “Waiver Request”);

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 2025*” with such additional letter or numerical series or sub-series designations as may be set forth in the final forms of the documents listed in Section 3 below (the “Bonds”), in a total aggregate principal amount not to exceed \$230,000,000, 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 fourth and fifth recitals 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 date 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 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. The Bonds or any series of them may, at the sole option of the Corporation, be secured by deeds of trust, a reserve fund, bond insurance, credit facility and/or liquidity facility satisfying the terms of the indenture pursuant to which such Bonds will be issued.

SECTION 3. Proposed forms of the following documents:

- (a) one or more Loan Agreements relating to the related Bonds (the “Loan Agreements”), between the Authority and the Corporation,
- (b) one or more Bond Indentures relating to the related Bonds (the “Bond Indentures”), between the Authority and U.S. Bank Trust Company, National Association, as bond trustee (the “Trustee”), and
- (c) one or more Bond Purchase Contracts, including the exhibits thereto, relating to the related Bonds (the “Purchase Contracts”), among the Treasurer, the Authority and Morgan Stanley Bank, N.A. or any affiliate thereof (the “Initial Purchaser”), and 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 provisions relating to a deed of trust, a bond reserve fund, bond insurance, any other 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 in the case of the Loan Agreements, the Bond Indentures and the Purchase Contracts. The Executive Director shall seek the advice of bond counsel and counsel to the Authority with respect to any such insertions, deletions or changes therein.

SECTION 4. The Authority hereby specifically finds and declares that the findings of the Authority set forth in the Loan Agreements are true and correct.

SECTION 5. The dated dates, maturity dates (not exceeding 40 years from the date of issue), interest rates or methods of determining interest rates, interest rate modes, interest payment dates, 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, including provisions for a reserve fund, bond insurance, credit facility and/or a liquidity facility as applicable from time to time, shall be as provided in the respective Bond Indentures, as finally executed.

SECTION 6. 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 Initial Purchaser 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 the Initial 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 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 Indentures, Loan Agreements and 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 any of the Bonds.

SECTION 8. The Authority finds that it is appropriate to accommodate the Corporation and hereby grants the Waiver Request, permitting deviations from the Below Investment Grade Bond Policies in connection with the issuance and sale of the Bonds as follows: (1) the Bonds may 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, to an affiliate of a QIB, or to a trust or custodial arrangement established by a QIB or an affiliate of a QIB, each of the holders of which is a QIB or an affiliate of a QIB; (2) Bonds may be sold in minimum denominations of \$100,000 or any integral multiple of \$5,000 in excess of \$100,000; and (3) the Bonds may be in book-entry form, with The Depository Trust Company acting as the securities depository. Further, in the event the Bonds subsequently achieve ratings as described in the Authority’s “Rating Requirements for Investment Grade Transactions”, the Bonds may be transferred in minimum denominations of \$5,000 and any integral multiple thereof.

SECTION 8. The provisions of the Authority’s Resolution No. 2023-06, or a superseding delegation resolution subsequently adopted by the Authority, 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

2012A Prior Project:

The proceeds of the 2012A Bonds were used to finance the acquisition, construction, expansion, remodeling, renovation, furnishing and equipping of certain facilities owned or leased and operated by the Corporation or one or more of its affiliates located generally at 1450 and 1500 East 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/or 800 Royal Oaks Drive, Monrovia, California.

2019 Prior Project:

The proceeds of the 2019 Bonds were used to finance the construction, acquisition and equipping of (1) an outpatient clinic; (2) a parking structure to support the outpatient clinic and balance campus parking requirements across campus; and (3) a new building providing accommodations for patients, family members and guests; the facilities described in the foregoing clauses (1) through (3) are located within the Corporation's Medical Campus located in 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, California. 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.