

CALIFORNIA HEALTH FACILITIES FINANCING AUTHORITY
BOND FINANCING PROGRAM
EXECUTIVE SUMMARY

Applicant: Rady Children's Health
(Rady)
3020 Children's Way
San Diego, CA 92123
San Diego County

Amount Requested: \$820,000,000
Requested Loan Term: Up to 40 years
Authority Meeting Date: January 29, 2026
Resolution No. 468

Project Site: *See Exhibit 1*

Facility Type: Acute Care Hospital/sub-acute and outpatient care

Eligibility: Government Code Section 15432(d)(1)

Prior Borrower: Yes (date of last Authority approval – February 2012)

Obligated Group: Rady Children's Health and Rady Children's Hospital San Diego

Background: Children's HealthCare of California, the parent organization of Children's Hospital of Orange County (CHOC), merged with and into Rady Children's Hospital and Health Center (RCHHC), the parent organization of Rady Children's Hospital - San Diego (RCH-SD), on December 31, 2024. As of January 1, 2025, RCHHC changed its name to Rady Children's Health (Rady), and RCH-SD changed its name to Rady Children's Hospital San Diego (RCHSD). RCHSD was established in 1954 as a 501(c)(3) nonprofit, pediatrics-focused primary and specialty care hospital in San Diego County. CHOC began operations in 1964 to treat serious pediatric illnesses and injuries in Orange County. The merger creates an advanced pediatric healthcare system that will continue to offer pediatric primary and specialty care across six Southern California counties through three major hospitals and at several specialty satellite locations.

Use of Proceeds: Bond proceeds will be used to finance the acquisition, construction, expansion, remodeling, renovation, furnishing, and/or equipping of certain health facilities in San Diego, to refund the California Statewide Communities Development Authority (CSCDA) Series 2008A-D bonds, and to pay certain costs of issuance related to the bonds.

Type of Issue: Negotiated public offering, tax-exempt multi-modal bonds
Expected Credit Rating: AA/AA; S&P/Fitch
Financing Team: *See Exhibit 2 to identify possible Conflicts of Interest*

Financial Overview: Both RCHHC's and CHOC's income statements appear solid with positive operating income during each year of the review period. RCHHC and CHOC display strong balance sheets with FY 2024 operating debt service coverage ratios of 8.8x and 16.1x, respectively.

<u>Estimated Sources of Funds:</u>		<u>Estimated Uses of Funds:</u>	
Bond proceeds	\$ 820,000,000	Project fund	\$ 598,000,000
		Refunding	219,000,000
		Financing costs	3,000,000
Total Estimated Sources	\$ 820,000,000	Total Estimated Uses	\$ 820,000,000

Due Diligence: Staff has confirmed the following documentation provided by Rady satisfies the California Health Facilities Financing Authority's (Authority) requirements: Eligibility, Legal Review, and the certifications for Pass-Through Savings, Iran Contracting Act, and Community Service Obligation.

Staff Recommendation: Staff recommends the Authority approve Resolution No. 468 in a principal amount not to exceed \$820,000,000 for Rady Children's Health, subject to the conditions in the resolution. TAP International, Inc., the Authority's financial analyst, and KNN Public Finance, LLC (KNN), 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

Rady is requesting Authority approval to issue tax-exempt bonds in a principal amount not to exceed \$820 million to finance the construction of a new seven-story tower as well as refund prior debt. The new seven-story tower is expected to expand capacity of current services by doubling the emergency department's capacity and increasing intensive care units by 75 at the San Diego campus. As the San Diego region's only Level 1 Pediatric Trauma Center, demand has exceeded original design capacity, rising from 30,000 to over 100,000 annual visits. The new seven-story tower will replace obsolete facilities and house several specialty units to enhance child health outcomes by improving care flow, capacity, and accessibility for critically ill pediatric patients. Rady has also applied for grant funding through the Authority's Children's Hospital Grant Program of 2018 in the amount of \$135 million, which will be used for this same project.

Rady intends to use a portion of the bond proceeds to refund the CSCDA 2008 Series A.D bonds. The refunding will help Rady manage risk and complexity in its debt structure by replacing the current variable interest rates with fixed rates. Concurrently with the refunding, Rady may terminate related interest rate swaps and will pay termination costs using its own funds.

Project Fund.....\$598,000,000

New Projects

Rady will use bond proceeds to construct a new Intensive Care Unit Pavilion at RCHSD. The proposed tower will house Pediatric Intensive Care, Neonatal Intensive Care, Cardiothoracic Intensive Care, Emergency and Trauma Services, Surgical Services, Respiratory Therapy Service, as well as hospital support areas with space for planned future Dietetic and Radiology Services.

Food services will be offered to patients, families, and staff on the first floor, where nutrition will be also managed for those with complex medical needs. The second floor will include the relocation and expansion of radiology services as well as building and hospital support services, which will provide diagnostics and rapid response to operational environmental challenges like emergency power and electrical systems. The third floor will serve as the San Diego region's only Level 1 Pediatric Trauma Center and will include the relocated and expanded emergency department increasing treatment bays from 40 to 85. The fourth floor's dedicated cardiac suite will house the Cardiothoracic Intensive Care Unit with access to 40 beds and incorporating three new operating suites. The Neonatal Intensive Care Unit on the fifth floor will relocate and expand from 32 to 60 high-acuity beds. Patients in need of Pediatric Intensive Care will be housed on the sixth floor, and beds will increase from 24 to 40. The seventh floor's flexible design will remain adaptable to treat seasonal surges, such as orthopedic procedures that increase in the summer and the respiratory cases that increase during the winter. A rooftop helipad will facilitate direct transfers to the Emergency Department, surgical suites, or Intensive Care Units.

Refunding **\$219,000,000**

CSCDA 2008 Series A-D

Proceeds from the CSCDA 2008 Series A-D bonds were used to refund the CSCDA 2006 Series C & D bonds and the 2007 Series A & B bonds. Each series of the refunded bonds bears a variable rate and were used to finance and/or refinance projects at Rady's facilities in San Diego.

Financing Costs **\$3,000,000**

Cost of issuance	\$1,500,000
Underwriter's Discount	<u>1,500,000</u>

TOTAL USES OF FUNDS **\$820,000,000**

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II. PROPOSED COVENANTS, SECURITY PROVISIONS AND DISCLOSURES

This executive summary and recommendations include minimum requirements. Additional or more stringent covenants or disclosures may be added following consultation with Authority staff but without further notification to the Authority's Board. These covenants and disclosures cannot be diluted or removed without subsequent review. If there have been modifications to the proposed covenants and disclosures following the preparation of this executive summary, staff will report it at the meeting.

After reviewing the Obligated Group's (defined below) credit profile, including its current financial profile and prior bond transactions, and considering what the market will support, Rady Children's Health ("Rady"), KNN, and the underwriters have concluded that the covenants listed below should apply to this transaction and 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 additional covenants should be required.

Obligated Group

Rady and RCHSD are the current Members of the Obligated Group under an amended and restated master trust indenture (the "Rady Master Indenture"). Prior to the closing of the 2026 Bonds, it is expected CHOC will become a Member of the Obligated Group under the Rady Master Indenture. Concurrently with CHOC becoming a Member of the Obligated Group under the Rady Master Indenture, the master indenture obligations previously issued by CHOC to secure bonds issued by CHFFA for the benefit of CHOC and certain other debt of CHOC will be substituted by master indenture obligations issued under the Rady Master Indenture, and the master trust indenture that CHOC currently is a party to will be discharged. Each member of the Obligated Group is jointly and severally obligated under the Rady Master Indenture with respect to payments on the master indenture obligations issued to secure the 2026 Bonds and other parity debt (including CHFFA's Series 2019 Bonds, 2021 Bonds and 2024 Bonds previously issued for the benefit of CHOC). Rady is the borrower under the loan agreements (collectively, Loan Agreements) relating to the 2026 Bonds. All covenants below are applicable to each Member of the Obligated Group. There are also protective financial tests under the Rady Master Indenture limiting Members from being added to or withdrawing from the Obligated Group.

The following covenants are applicable for this transaction:

Unconditional Promise to Pay. *Rady agrees to pay the Bond Trustee all amounts required for principal, interest or redemption premium, if applicable, and other payments and expenses designated in each Loan Agreement. The Obligated Group guarantees all such payments under each Loan Agreement pursuant to a master indenture obligation. All Revenues¹ (which will include payments by Rady under each Loan Agreement and payments by the Obligated Group under each master indenture obligation) and any other amounts held in funds or accounts under each Bond Indenture (other than the Rebate Fund and Bond Purchase Fund) are pledged to secure the full payment of the 2026 Bonds.*

¹ Capitalized terms are defined in the Bond Indenture or the Rady Master Indenture, as applicable.

Pledge of Gross Revenues. *Each Member of the Obligated Group grants to the Master Trustee a security interest in its Gross Revenues (which generally consist of revenues, income, receipts and moneys received by any Member as further described in the Rady Master Indenture).*

Negative Pledge. *Each Obligated Group Member agrees not to create, assume or permit any Lien upon its Property other than Permitted Encumbrances.*

Limited Permitted Encumbrances. *Each Obligated Group Member is subject to a restrictive set of allowable liens or encumbrances it may incur pursuant to the Rady Master Indenture.*

Debt Service Coverage Requirement. *The Rady Master Indenture contains a debt service coverage ratio requirement based on 1.10 times Annual Debt Service. It is not an event of default under the Rady Master Indenture if the debt service coverage ratio falls below 1.10 times for two consecutive fiscal years if an independent consultant is engaged, and there is substantial compliance with the recommendations of the independent consultant. If the Obligated Group has at least 150 Days Cash on Hand as of such second consecutive fiscal year or the failure to maintain the required debt service coverage ratio is a result of a force majeure event, then Rady is not required to engage an independent consultant. However, if the debt service coverage ratio falls below 1.0 times for two consecutive fiscal years and the Obligated Group maintains less than 150 Days Cash on Hand as of the end of such second consecutive fiscal year, it will be an event of default under the Rady Master Indenture. A debt service coverage requirement is a ratio measuring ability to make interest and principal payments as they become due by assessing the amount of revenue available to meet debt service payments.*

Limitations on Mergers, Consolidation, Sales or Conveyances. *Each Obligated Group Member agrees not to merge, consolidate with any other entity or sell or convey all or substantially all of its assets to any Person outside of the Obligated Group unless authorized by various limiting measures set out in the Rady Master Indenture.*

Comply with SEC Rule 15c2-12. *Rady, on behalf of the Obligated Group, will take such action as is necessary to assist the underwriters in complying with Securities and Exchange Commission Rule 15c2-12 (SEC Rule). Rady will contractually agree to disclose designated financial and operating information to the SEC web site (EMMA) during the life of the 2026 Bonds and to report designated "listed events" such as missed debt service payments, any change in bond ratings, defeasance, redemptions, etc. as specified in the SEC Rule.*

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.

III. FINANCIAL STATEMENTS AND ANALYSIS

The following financial statements and the subsequent financial discussion pertain to the financial performance of the Obligated Group for RCHHC for FYs 2022 - 2024. During this period, the Obligated Group consisted of RCHHC and RCHSD. References to the Obligated Group in this section refer to the combined financial information for the two member entities.

**Rady Children's Hospital and Health Center
Statement of Activities (Obligated Group)**

**Income Statement
(in Thousands)**

	As of June 30,		
	2024	2023	2022
Operating Revenue:			
Patient service revenue	\$ 1,097,233	\$ 1,054,622	\$ 962,713
Provider fee program	206,412	499,675	218,827
Premium revenue	156,002	169,206	173,878
Grants and contracts	64,037	55,619	48,945
Other government revenue	51,268	46,299	38,201
Other revenue	45,052	44,968	44,061
Net assets released from restrictions used for operations	<u>70,453</u>	<u>41,100</u>	<u>67,660</u>
Total operating revenue	<u>1,690,457</u>	<u>1,911,489</u>	<u>1,554,285</u>
Operating Expenses:			
Salaries and employee benefits	641,068	583,815	550,543
Supplies	220,056	194,160	185,218
Professional fees	343,409	354,858	316,991
Purchased services	193,418	182,544	177,613
Provider fee program expenses	58,399	115,267	27,199
Bad debt	90	51	172
Insurance	13,660	13,100	9,853
Depreciation and amortization	46,721	45,880	45,228
Interest	13,580	15,725	18,308
Other	<u>52,728</u>	<u>48,258</u>	<u>44,541</u>
Total operating expenses	<u>1,583,129</u>	<u>1,553,658</u>	<u>1,375,666</u>
Operating income (loss)	107,328	357,831	178,619
Nonoperating income (expenses)			
Contributions	-	7	-
Contributions made	(2,395)	(1,740)	(1,859)
Changes in fair value of interest rate swaps	8,237	16,080	40,067
Investment income, net	<u>212,573</u>	<u>157,332</u>	<u>(135,470)</u>
Excess of revenues and gains over expenses	\$ 325,743	\$ 529,510	\$ 81,357

Rady Children's Hospital and Health Center
Statement of Financial Position (Obligated Group)
Balance Sheet
(in Thousands)

	As of June 30,		
	2024	2023	2022
Assets:			
Current assets:			
Cash and cash equivalents	\$ 32,951	\$ 33,589	\$ 60,090
Investments	2,210,081	2,009,841	1,974,112
Patient accounts receivable, net	243,578	208,796	185,922
Other receivables	212,486	230,435	25,201
Assets limited as to use, required for current liabilities	-	1	1
Receivables (payables) from affiliates	31,022	11,502	(10,386)
Inventory	16,157	15,201	13,756
Other current assets	22,150	25,633	35,165
Total current assets	<u>2,768,425</u>	<u>2,534,998</u>	<u>2,283,861</u>
Assets limited as to use, net of current portion	16,852	23,643	38,563
Property and equipment, net	645,381	561,327	500,032
Investments, noncurrent	542,635	540,988	457,331
Other assets	127,461	105,632	64,450
Total assets	<u>\$ 4,100,754</u>	<u>\$ 3,766,588</u>	<u>\$ 3,344,237</u>
Liabilities and Net Assets:			
Current liabilities:			
Accounts payable and accrued expenses	\$ 262,962	\$ 239,537	\$ 183,460
Accrued salaries and related benefits	71,139	63,782	78,885
Current portion of long-term debt	5,815	5,480	5,240
Deferred revenue	50,743	50,535	206,951
Total current liabilities	<u>390,659</u>	<u>359,334</u>	<u>474,536</u>
Long-term debt, net of current portion	536,337	542,602	548,653
Interest rate swaps	16,936	25,173	41,253
Other long-term liabilities	56,164	56,846	47,264
Payable to beneficiaries under deferred giving arrangements	448	479	515
Total liabilities	<u>1,000,544</u>	<u>984,434</u>	<u>1,112,221</u>
Net assets:			
Without donor restrictions:	2,883,191	2,540,190	2,006,285
With donor restrictions	217,019	241,964	225,705
Total net assets	<u>3,100,210</u>	<u>2,782,154</u>	<u>2,231,990</u>
Total liabilities and net assets	<u>\$ 4,100,754</u>	<u>\$ 3,766,588</u>	<u>\$ 3,344,211</u>
	2024	2023	2022
Debt Service Coverage - Operating (x)	8.8	20.0	10.4
Debt Service Coverage - Net (x)	20.3	28.2	6.2
Debt to Unrestricted Net Assets (x)	0.2	0.2	0.3
Margin (%)	6.3	18.7	11.5
Current Ratio (x)	7.1	7.1	4.8

Financial Discussion (RCHHC Obligated Group)

The Obligated Group's income statement appears solid with positive operating income each year of the review period.

Total operating revenues fluctuated during the review period from over \$1.5 billion in FY 2022 to \$1.9 billion in FY 2023, then decreased to just under \$1.7 billion in FY 2024. This resulted from large fluctuations in the Provider Fee Program revenue at about \$219 million in FY 2022, which increased by over 100% to approximately \$500 million in FY 2023, then decreased to around \$206 million in FY 2024. The large increase in FY 2023 was primarily due to the one-time receipt of Provider Relief Funds² in FY 2022 as part of federal COVID-19 pandemic assistance that were not received in FY 2023.

Total operating expenses remained steady in FYs 2024 and 2023 at approximately \$1.6 billion, a 15% increase from approximately \$1.4 billion in FY 2022. Provider Fee Program expenses experienced the largest fluctuations during the review period, from about \$27 million in FY 2022 to over \$115 million in FY 2023 and decreased to just over \$58 million in FY 2024. The FY 2023 increase resulted from a change in the estimation and recognition of Provider Fee Program revenue. Management determined that federal approval of the program was highly predictable and therefore began recognizing the revenue earlier than in prior years, consistent with practices adopted by other California hospitals.

Overall fluctuations resulted in varied operating income over the review period at approximately \$179 million in FY 2022, then increased to over \$357 million in FY 2023, then decreased to approximately \$107 million in FY 2024, but remained positive overall.

The Obligated Group appears to display a strong balance sheet with a FY 2024 operating debt service coverage ratio of 8.8x.

The Obligated Group's balance sheet reflects a steady increase in total assets from over \$3.3 billion in FY 2022 to over \$3.7 billion in FY 2023 and increasing again to over \$4.1 billion in FY 2024. Major fluctuations were seen in Other receivables, which increased from over \$25 million in FY 2022 to over \$230 million in FY 2023, then decreased to approximately \$212 million in FY 2024. The fluctuations were primarily due to the recognition of Provider Fee Program revenue in FY 2023 that had not yet been collected in cash, resulting in a large receivable. Cash and cash equivalents decreased over the review period from approximately \$60 million in FY 2022, down to around \$34 million in FY 2023, then decreased again to just under \$33 million in FY 2024. The decreases were a result of more stringent management of working capital and investing available funds within the investment portfolio.

Total current liabilities experienced fluctuations over the review period. Accrued salaries and related benefits of approximately \$79 million in FY 2022 decreased to just under \$64 million in FY 2023, then increased to \$71 million in FY 2024. These fluctuations were attributed to the timing of payroll processing relative to the fiscal year-end, which affected the number of unpaid payroll days accrued as a liability at each year-end. Deferred revenue at just under \$207 million in FY 2022 decreased dramatically to around \$51 million in FY 2023 and remained at that level in FY 2024. The reduction of deferred revenue in FY 2023, reflects earlier recognition of Provider Fee Program revenue, rather than a reduction in cash or program activity. In spite of

² Provider Relief Funds: One-time federal COVID-19 relief funds provided to health care providers to offset pandemic-related expenses and revenue losses.

the fluctuations, Total liabilities and net assets indicate a steady increase from over \$3.3 billion in FY 2022, to about \$3.8 billion in FY 2023, and increased again to approximately \$4.1 billion in FY 2024.

The Obligated Group's net debt service coverage ratio (DSCR) started at 6.2x in FY 2022, increased to 28.2x in FY 2023, then decreased to 20.3x in FY 2024, reflecting a strong ability to repay its debt.

The following financial statements and the subsequent financial discussion pertain to CHOC's financial performance for FYs 2022 – 2024. Prior to the closing of the 2026 Bonds, it is expected CHOC will become a Member of the Obligated Group under the Rady Master Indenture.

**Children's Hospital of Orange County
Statement of Activities
Income Statement
(in Thousands)**

	As of June 30,		
	2024	2023	2022
Operating Revenue:			
Patient service revenue - net of contractual allowances, discounts, and implicit price concessions	\$ 968,719	\$ 1,309,017	\$ 895,450
Provider fee program revenues	185,108	-	-
Premium revenue	114,976	89,118	90,278
Other revenue	118,488	100,986	91,554
Net assets released from restrictions used for operations	29,415	23,039	19,986
Total operating revenue	1,416,706	1,522,160	1,097,268
Expenses:			
Salaries and benefits	587,404	568,059	478,230
Purchased services	381,352	336,261	301,934
Supplies	181,763	176,996	143,647
Rent	20,955	18,418	17,606
Depreciation & amortization	34,132	36,340	32,106
Interest expense	(756)	4,156	8,241
Provider fee program expenses	42,167	109,509	26,681
Other	67,465	49,867	32,062
Total operating expenses	1,314,482	1,299,606	1,040,507
Income from operations before other gains	102,224	222,554	56,761
Other gains			
Investment and other nonoperating gains	17,906	14,962	(8,552)
Contribution form CHOC foundation	34	1,159	2,459
Other (losses) gains, net	17,940	16,121	(6,093)
Excess of revenues and gains over expenses	\$ 120,164	\$ 238,675	\$ 50,668

Children's Hospital of Orange County
Statement of Financial Position
Balance Sheet
(in Thousands)

	As of June 30,		
	2024	2023	2022
Assets:			
Current assets:			
Cash and cash equivalents	\$ 300,136	\$ 319,636	\$ 321,613
Investments, current	113,558	82,310	78,745
Assets whose use is limited - current	20,011	-	-
Patient accounts receivable, net	282,411	245,001	197,936
Provider fee program receivable	174,805	161,885	-
Inventory	21,852	17,298	18,046
Other receivables	13,001	7,887	6,204
Receivables from related parties	27,648	23,266	41,448
Current portion of beneficial interest	2,225	588	1,523
Prepaid expenses and other current assets	21,311	13,356	55,711
Total current assets	<u>976,958</u>	<u>871,227</u>	<u>721,226</u>
Assets whose use is limited			
Funds held by trustee	55,817	-	-
Designated by board	-	24,636	23,471
Other	3,742	3,485	3,343
Total assets whose use is limited	<u>59,559</u>	<u>28,121</u>	<u>26,814</u>
Property and equipment, net	988,883	791,983	672,170
Beneficial interest in net assets of CHOC Foundation	30,806	18,472	21,536
Operating lease right-of-use assets	119,474	93,918	79,931
Investments, noncurrent	2,334	1,511	880
Other assets	5,306	14,055	8,662
Total assets	<u>\$ 2,183,320</u>	<u>\$ 1,819,287</u>	<u>\$ 1,531,219</u>
Liabilities and Net Assets:			
Current liabilities:			
Long-term debt, current	\$ 9,437	\$ 9,158	\$ 8,901
Operating lease liabilities, current	9,950	8,719	9,321
Accounts payable and accrued liabilities	156,945	151,752	111,609
Accrued compensation and related liabilities	52,786	53,210	53,259
Provider fee program expenses payable	60,833	52,130	-
Medical claims payable	4,969	4,831	3,361
Deferred income	4	457	127,039
Deferred grants restricted for capital purposes	92,677	-	-
Payable to third-party payors	15,746	12,463	14,092
Payable to related parties	1,356	1,964	24,290
Total current liabilities	<u>404,703</u>	<u>294,684</u>	<u>351,872</u>
Long-term debt	478,870	381,696	307,361
Operating lease liabilities	114,100	88,008	72,675
Medical malpractice reserves, net of current portion	8,135	16,656	10,460
Other liabilities	8,796	8,831	8,668
Total liabilities	<u>1,014,604</u>	<u>789,875</u>	<u>751,036</u>
Net assets:			
Without donor restrictions:	1,061,634	935,960	695,266
With donor restrictions	107,082	93,452	84,917
Total net assets	<u>1,168,716</u>	<u>1,029,412</u>	<u>780,183</u>
Total liabilities and net assets	<u>\$ 2,183,320</u>	<u>\$ 1,819,287</u>	<u>\$ 1,531,219</u>
	2024	2023	2022
Debt Service Coverage - Operating (x)	16.1	20.1	5.9
Debt Service Coverage - Net (x)	18.3	21.4	5.6
Debt to Unrestricted Net Assets (x)	0.5	0.4	0.5
Margin (%)	7.2	14.6	5.2
Current Ratio (x)	2.4	3.0	2.0

Financial Discussion (CHOC)

CHOC's income statement appears solid with positive operating income each year of the review period.

Total operating revenues and expenses fluctuated but resulted in positive income over the review period. Patient service revenues experienced the largest fluctuations from over \$895 million in FY 2022, to over \$1.3 billion in FY 2023, then decreased to under \$969 million in FY 2024. The increase in FY 2023 was due to a change in the estimation of Provider Fee Program revenue recognition. Fluctuations were also experienced in Premium revenues, which decreased from around \$90 million in FY 2022 to \$89 million in FY 2023, then increased to approximately \$115 million in FY 2024.

Overall, expenses gradually increased over the review period except in the Interest expense and Provider Fee Program expense categories. Interest expenses decreased dramatically from just over \$8 million in FY 2022, then decreased by almost 50% to \$4.1 million in FY 2023, then to a \$756,000 loss in FY 2024. The reduction reflects capitalized interest costs that were part of building construction costs, which reduced the interest expense recognized in the income statement. Provider Fee Program expenses fluctuated from approximately \$27 million in FY 2022, up to around \$110 million in FY 2023, then decreased to just over \$42 million in FY 2024. These changes reflect adjustments made to record the Provider Fee Program revenue and related expenses in FY 2023.

CHOC appears to display a strong balance sheet with a FY 2024 operating debt service coverage ratio of 16.1x.

Total assets experienced growth of approximately 43% from over \$1.5 billion in FY 2022 to over \$2.1 billion in FY 2024. The largest area of growth was seen in Other receivables, which grew over 100% from \$6.2 million in FY 2022 to just over \$13 million in FY 2024. These increases were due to a one-time change in the estimation of Provider Fee Program revenue.

Total liabilities increased by over 35% from over \$751 million in FY 2022 up to approximately \$1 billion in FY 2024. The largest increase was experienced in Operating lease liabilities from approximately \$73 million in FY 2022, to over \$88 million in FY 2023, then increased to about \$114 million in FY 2024. The increases reflect CHOC's execution of longer-term lease agreements during this period (including the renewal of CHOC at Mission lease) and the addition of new clinic space on UC Irvine's new hospital campus in Newport Beach.

Over the review period, CHOC maintained a strong operating DSCR of 5.9x, 20.1x, and 16.1x in FYs 2022, 2023, and 2024, respectively.

The following proforma financial ratio table incorporates the combination of FY 2024 financial information for RCHHC's Obligated Group and CHOC and considers the impact of the proposed new 2026 financing for Rady Children's Health.

COMBINED PROFORMA FINANCIAL RATIOS

	Proforma
	FYE June 30, 2024 ^(a)
Debt Service Coverage - Operating (x)	3.2
Debt Service Coverage - Net (x)	5.6
Debt to Unrestricted Net Assets (x)	0.6

^(a) Combines the FY 2024 audited results of RCHSD and CHOC and recalculates the ratios to include the impact of the proposed financing.

Considering the new financing, Rady displays a solid ability to repay its debt with a proforma FY 2024 operating debt service coverage ratio of 3.2x. With a proforma FY 2024 debt to unrestricted net assets ratio of 0.6x, Rady also demonstrates the capacity to manage the additional debt.

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The following Income Statement and Balance Sheet display the most recently available six-month audited financial information for Rady (which also incorporates the financial results for CHOC).

For the six-month period, Rady continues to display positive operating income at more than \$166 million and shows Rady is generating sufficient revenue to cover its expenses.

**Rady Children's Health
Statement of Activities
Income Statement
(in Thousands)**

	Six-Month Period Ended June 30, 2025
Operating Revenue:	
Patient service revenue	\$ 1,221,290
Supplemental Medi-Cal Program revenue	322,791
Premium revenue	147,356
Grants and contracts	51,447
Other revenue	114,239
Contributions and assets released from restrictions	49,219
Total operating revenue	1,906,342
Operating Expenses:	
Personnel costs	776,367
Professional fees	299,832
Supplies	229,313
Purchased services	208,807
Supplemental Medi-Cal program expense	92,311
Depreciation and amortization	52,398
Interest	5,369
Other	75,482
Total operating expenses	1,739,879
Operating income	166,463
Nonoperating income (expenses)	
Changes in fair value of interest rate swaps	(3,620)
Investment and other income, net	214,011
Income tax expense	(1,151)
Excess of revenues over expenses	\$ 375,703

Rady Children's Health
Statement of Financial Position
Balance Sheet
(in Thousands)

As of
June 30, 2025

Assets:

Current assets:

Cash and cash equivalents	\$ 138,699
Investments	3,447,939
Patient accounts receivable, net	594,510
Supplemental Medi-Cal program receivable	541,921
Other receivables	91,941
Inventory	44,706
Other current assets	50,430
Total current assets	<u>4,910,146</u>
Assets limited as to use	43,417
Property and equipment, net	2,057,687
Investments, noncurrent	631,944
Other assets and pledges receivable, net of current portion	488,170
Total assets	<u>\$ 8,131,364</u>

Liabilities and Net Assets:

Current liabilities:

Accounts payable and accrued expenses	\$ 439,460
Accrued salaries and related benefits	147,022
Supplemental Medi-Cal program payable	175,590
Current portion of long-term debt	16,136
Deferred revenue and capital grants	59,926
Total current liabilities	<u>838,134</u>
Long-term debt, net of current portion	1,017,168
Other long-term liabilities	<u>239,499</u>
Total liabilities	<u>2,094,801</u>

Net assets:

Without donor restrictions:	5,626,688
With donor restrictions	409,875
Total net assets	<u>6,036,563</u>
Total liabilities and net assets	<u>\$ 8,131,364</u>

IV. DUE DILIGENCE

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

- **Government Code section 15438.5(a) (Pass-Through Savings):** Rady completed and submitted the Pass-Through Savings Certification.
- **Government Code section 15459.1 (Community Service Obligation):** Rady 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) (California Environmental Quality Act (Pub. Resources Code, § 21000 et seq.)):** Rady submitted documentation addressing the California Environmental Quality Act.
- **Legal Review:** Rady completed and submitted documentation responsive to the Authority's Legal Status Questionnaire.
- **Iran Contracting Act Certificate:** The underwriters completed and submitted the Iran Contracting Act Certificates.

V. OUTSTANDING DEBT

The following table reflects the outstanding debt of the merged entity, Rady Children's Health, as of June 30, 2025, which incorporates the prior debt of RCHHC and CHOC.

Date Issued	Original Amount	Amount Outstanding as of June 30, 2025	Estimated Amount Outstanding after Proposed Financing
EXISTING LONG-TERM DEBT			
CSCDA Series 2008A (Rady)	\$ 63,845	\$ 58,470	\$ -
CSCDA Series 2008B (Rady)	65,000	59,310	-
CSCDA Series 2008C (Rady)	50,575	50,575	-
CSCDA Series 2008D (Rady)	50,580	50,580	-
CSCDA Series 2016B (Rady)	23,060	18,550	18,550
CHFFA Series 2019A (CHOC)	88,390	63,910	63,910
Corporate Taxable Series 2021A (Rady)	300,000	300,000	300,000
CHFFA Series 2021A (CHOC)	96,025	93,605	93,605
CHFFA Series 2021B (CHOC)	83,330	83,330	83,330
CHFFA Taxable Series 2021C (CHOC)	24,686	7,349	7,349
CHFFA Series 2024A (CHOC)	58,650	58,650	58,650
CHFFA Series 2024B (CHOC)	118,410	118,410	118,410
PROPOSED NEW DEBT			
CHFFA Series 2026AB			820,000
TOTAL DEBT		\$ 962,739	\$ 1,563,804

VI. UTILIZATION STATISTICS

Rady Children's Hospital and Health Center

	As of June 30,		
	2024	2023	2022
Acute Care Hospital			
Licensed beds	440	440	444
Staffed beds	331	344	340
Discharges	19,410	19,968	17,737
Patient days	101,897	103,480	102,267
Average length of stay (days)	5.2	5.2	5.8
Average occupancy, staffed beds	84.1%	82.4%	82.4%
Average daily census	278	284	280
Emergency Department visits	101,272	97,886	96,360
Urgent Care Center visits	53,560	42,321	51,107
Inpatient surgeries	6,371	6,044	5,761
Outpatient surgeries	14,128	13,592	11,934
Total surgeries	20,499	19,636	17,695
Bernardy Center			
Licensed beds	43	43	43
Skilled nursing patient days	4,807	5,604	5,400
Subacute patient days	3,534	5,122	5,148
Total patient days	8,384	10,769	10,591
Inpatient Child and Adolescent Psychiatric Services Program			
Licensed beds	24	24	24

Children's Hospital of Orange County

	As of June 30,		
	2024	2023	2022
Licensed Beds			
Licensed Beds	334	334	334
Discharges	12,253	13,043	11,852
Patient Days	80,691	80,285	69,587
Average Length of Stay (days)	6.6	6.2	5.9
Occupancy Based on Licensed Beds (%)	65.9	65.9	57.2
Select Outpatient Visits:			
Emergency Room	116,868	119,197	101,878
Specialty Clinic	81,790	71,479	73,146
Outpatient Surgery	10,225	9,534	8,529
Outpatient Infusion Center	7,961	8,115	7,299
Outpatient Observation	5,649	5,237	4,514
Subspecialty Physician Encounters	554,181	509,217	458,214
Primary Care Physician Encounters	265,963	278,865	272,050

VII. BACKGROUND AND LICENSURE

Background

Originally, Children's Hospital of San Diego, now known as Rady Children's Hospital San Diego, opened in 1954 to treat 12 San Diego area children, who were affected by the polio epidemic. The 1970s involved great expansion, including the addition of 13 beds, the addition of the Helen Bernardy Center for Medically Fragile Children in 1972, and a pediatric-centered emergency transport team in 1973. The 1980s showed significant growth as well, including the addition of a surgical wing in 1983 and the creation of the region's only pediatric Trauma Center in 1984. During the 1990s through the present, Rady Children's Hospital San Diego became a 501(c)(3) organization and continued to grow by expanding to 520 beds by 2014, performing the hospital's first heart transplant in 2015, developing a new Institute for Genomic Medicine, and providing COVID-19 vaccines to the community beginning in 2020.

Since CHOC was incorporated in 1964, it has grown from a 62-bed facility leased from a wing of St. Joseph Hospital of Orange into two state-of-the-art hospitals in Orange and Mission Viejo and a regional network of primary and specialty care clinics serving children and families in four counties. Pre-merger, CHOC and RCHSD collaborated for over a decade on critical initiatives to advance pediatric care, research, and innovation on projects, such as Project Baby Bear – a state funded program that uses genome sequencing to detect conditions that would evade traditional newborn screenings. CHOC's Orange location is a 334-bed, acute-care hospital that also operates outreach programs, such as the CHOC Clinic at the Boys & Girls Club of Santa Ana. CHOC at Mission was formed in 1991 and operates a 54-bed acute pediatric hospital in Mission Viejo. Post-merger, CHOC patients and families can access the same doctors, nurses, and care teams at the same locations.

On December 31, 2024, CHOC merged with and into Rady Children's Hospital and Health Center (RCHHC, the parent organization of Rady Children's Hospital – San Diego (RCH-SD). As of January 1, 2025, RCHHC changed its name to Rady Children's Health (Rady) and RCH-SD changed its name to Rady Children's Hospital San Diego (RCHSD). The merger creates an advanced pediatric healthcare system that will continue to offer pediatric primary and specialty care with a total of 511 beds across six Southern California counties through three major hospitals at several specialty satellite locations. The Rady's system now includes nearly 1,000 physicians, approximately 1,500 nurses on staff, more than 6,000 employees, over 300 active volunteers, and more than 1,200 auxiliary members. In 2025, Rady's three children's hospitals provided general care to 216,685 children, specialty outpatient care to 331,335 patients and performed 352 heart surgeries.

Licensure and Memberships

RCHSD is a licensed general acute care hospital that is recognized by the California Department of Public Health and is accredited by The Joint Commission. CHOC is also licensed as an acute care hospital by the California Department of Public Health and accredited by The Joint Commission.

VIII. STAFF RECOMMENDATION

Staff recommends the Authority approve Resolution No. 468 in a principal amount not to exceed \$820,000,000 for Rady Children's Health, 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

- 2929, 3020, 3030, and 3065 Children's Way, San Diego, CA 92123
- 7920, 7930, 8001, and 8010 Frost Street, San Diego, CA 92123
- 3665 and 3685 Kearny Villa Road, San Diego, CA 92123
- 8022, 8040, and 8110 Birmingham Drive, San Diego, CA 92123
- 3453 Aveley Place, San Diego, CA 92111
- 707 Broadway, San Diego, CA 92101
- 292 Euclid Avenue, San Diego, CA 92114
- 4440 Wightman Street, San Diego, CA 92105
- 8291 Aero Place, San Diego, CA 92123
- 8098 Nightingale Way, San Diego, CA 92123
- 7401 Mesa College Drive, San Diego, CA 92111
- 4305 University Avenue, San Diego, CA 92105
- 4120 Waring Road, Oceanside, CA 92056
- 3142 Vista Way Oceanside, CA 92056
- 2125 S. El Camino Real, Oceanside, CA 92054
- 1261 3rd Avenue, Chula Vista, CA 91911
- 2220 Otay Lakes Road, Chula Vista, CA 91915
- 555 East Valley Parkway, Escondido, CA 92025
- 625 W. Citracado Parkway, Escondido, CA 92025
- 215 S. Hickory Street, Escondido, CA 92025
- 667 San Rodolfo Drive, Solana Beach, CA 92075
- 380 Mulberry Drive, San Marcos, CA 92069
- 8851 Center Drive, La Mesa, CA 91942
- 354 Santa Fe Drive, Encinitas, CA 92024
- 317 N. El Camino Real, Encinitas, CA 92024
- 9888 Genesee Avenue, La Jolla, CA 92037
- 8110 La Jolla Shores Drive, La Jolla, CA 92037
- 11770 Bernardo Plaza Court, Rancho Bernardo, CA 92128

EXHIBIT 2

FINANCING TEAM

Borrower: Rady Children's Health

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

Bond Counsel: Orrick, Herrington & Sutcliffe LLP

Senior Managing Underwriter: Morgan Stanley & Co. LLC

Co-Senior Managing Underwriter: J.P. Morgan Securities LLC

Underwriters' Counsel: Norton Rose Fulbright US LLP

Trustee and Master Trustee: U.S. Bank Trust Company, National Association

Trustee and Master Trustee's Counsel: Dorsey & Whitney LLP

Rating Agencies: Standard & Poor's Financial Services, LLC
Fitch Ratings, Inc.

Auditor: KPMG LLP

RESOLUTION NO. 468

RESOLUTION OF THE CALIFORNIA HEALTH FACILITIES FINANCING AUTHORITY AUTHORIZING THE ISSUANCE OF REVENUE BONDS TO FINANCE AND/OR REFINANCE PROJECTS AT THE HEALTH FACILITIES OF RADY CHILDREN'S HEALTH AND 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, Rady Children's Health (the "Corporation") is a nonprofit public benefit corporation duly organized and existing under the laws of the State of California, which, together with its affiliates, owns and operates health facilities in the State of California; and

WHEREAS, the Corporation is the sole corporate member of Rady Children's Hospital San Diego ("RCHSD"), a nonprofit public benefit corporation duly organized and existing under the laws of the State of California; and

WHEREAS, the California Statewide Communities Development Authority has previously issued (1) the California Statewide Communities Development Authority Variable Rate Revenue Bonds (Rady Children's Hospital – San Diego) Series 2008A, (2) the California Statewide Communities Development Authority Variable Rate Revenue Bonds (Rady Children's Hospital – San Diego) Series 2008B, (3) the California Statewide Communities Development Authority Variable Rate Revenue Bonds (Rady Children's Hospital – San Diego) Series 2008C and (4) the California Statewide Communities Development Authority Variable Rate Revenue Bonds (Rady Children's Hospital – San Diego) Series 2008D (collectively, the "Prior Bonds"), which financed and/or refinanced health facilities for RCHSD as more particularly described under the caption "Description of the Project – The Prior Project" in Exhibit A hereto (the "Prior Project");

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 \$820,000,000 and make one or more loans of the proceeds thereof to the Corporation (i) to finance (including by reimbursing expenditures made for such purposes) and/or refinance costs of the acquisition, construction, expansion, remodeling, renovation, furnishing, and/or equipping of certain health facilities of the Corporation and/or RCHSD, as more particularly described under the caption "Description of the Project – The New Project" in Exhibit A hereto (the "New Project" and together with the Prior Project, the "Project"); (ii) refund all or a portion of the Prior Bonds; and (iii) at the option of the Corporation, pay costs of issuance of such revenue bonds; and

WHEREAS, to the extent required by subdivision (b) of Section 15455 of the California Government Code, the Corporation has provided documentation to the Authority, to the extent applicable, that the Project has complied with Division 13 (commencing with Section 21000) of the California Public Resources Code or is not a “project” under such division; and

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

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

SECTION 1. Pursuant to the Act, revenue bonds of the Authority designated as the “California Health Facilities Financing Authority Revenue Bonds (Rady Children’s Health) Series 2026” (the “Bonds”), in a total aggregate principal amount not to exceed \$820 million, 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 fifth recital 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 hereof) 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 shall, at issuance, be rated at investment grade by an active nationally recognized rating agency. The Bonds or any series of them may, at the sole option of the Corporation, be secured by deeds of trust, a reserve fund, bond insurance, credit facilities and other security arrangements and/or supported by one or more liquidity facilities.

SECTION 3. The proposed forms of the following documents:

- (i) One or more loan agreements relating to the Bonds (the “Loan Agreements”), each between the Authority and the Corporation,
- (ii) One or more bond indentures relating to the Bonds (the “Bond Indentures”), each between the Authority and U.S. Bank Trust Company, National Association, as bond trustee (the “Bond Trustee”),
- (iii) One or more bond purchase contracts, including the exhibits thereto, relating to the Bonds (collectively, the “Purchase Contracts”), each among Morgan Stanley & Co. LLC and/or J.P Morgan Securities LLC, on behalf of itself and/or any other underwriters named in the Purchase Contracts as finally executed (the “Underwriter”), the Treasurer and the Authority, and approved by the Corporation, and
- (iv) One or more preliminary official statements relating to the Bonds (the “Preliminary Official Statements”),

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 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 in the case of the Loan Agreements, the Bond Indentures and the Purchase Contracts and by delivery thereof in the case of the Preliminary Official Statements. 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, interest rate modes, 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, including provisions for a credit facility and/or a liquidity facility from time to time, shall be as provided in each Bond Indenture, as finally executed.

SECTION 6. The Underwriter is hereby authorized to distribute the Preliminary Official Statements for the Bonds to persons who may be interested in the purchase of such Bonds offered in such issuance, it being understood that, at the discretion of the Underwriter (in consultation with the Corporation), a preliminary official statement may not be used with respect to any Series of the Bonds. The Underwriter is hereby directed to deliver the final official statements (the "Official Statements") to all actual purchasers of such Bonds.

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

SECTION 8. Each officer of the Authority is hereby authorized and directed, for and in the name of and on behalf of the Authority, to do any and all things which they may deem necessary or advisable in order to consummate the issuance, sale, and delivery of the Bonds and otherwise to effectuate the purposes of this Resolution and the Bond Indentures, the Loan Agreements, the Purchase Contracts and the Official Statements. The Authority hereby approves any and all documents to be delivered in furtherance of the foregoing purposes, including without limitation: (a) tax certificate and agreements 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 9. The provisions of the Authority's Resolution No. 2023-06, or a superseding resolution subsequently adopted by the Authority, apply to the documents and actions approved in this Resolution.

SECTION 10. The Authority hereby approves and ratifies each and every action taken by its officers, agents and employees prior to the date hereof in furtherance of the purposes of this Resolution.

SECTION 11. The Authority hereby approves the execution and delivery of all agreements, documents, certificates and instruments referred to herein with electronic signatures as may be permitted under the Uniform Electronic Transactions Act (California Civil Code section 1633.1, et. seq.) and digital signatures as may be permitted under Section 16.5 of the California Government Code using DocuSign.

SECTION 12. This Resolution shall take effect from and after the date of adoption.

Date of Adoption: _____

EXHIBIT A

DESCRIPTION OF THE PROJECT

The New Project

The New Project consists of financing (including reimbursing expenditures made for such purposes) and/or refinancing costs of the acquisition, construction, expansion, remodeling, renovation, furnishing and/or equipping of certain health facilities of the Corporation and/or RCHSD located on or about the campus of the health facilities located generally at 3020 and 3030 Children's Way; 3665 and 3685 Kearny Villa Road, each in San Diego, California.

The Prior Project

The Prior Project consists of financing and/or refinancing of costs of the acquisition, construction, expansion, remodeling, renovation, furnishing and/or equipping of certain health facilities of the Corporation and/or RCHSD located on or about the campus of the health facilities located generally at:

- 2929, 3020, 3030 and 3065 Children's Way; 7920, 7930, 8001 and 8010 Frost Street; 3665 and 3685 Kearny Villa Road; 8022, 8040 and 8110 Birmingham Dr.; 3453 Aveley Place; 707 Broadway; 292 Euclid Ave.; 4440 Wightman St.; 8291 Aero Place; 8098 Nightingale Way; 7401 Mesa College Dr. and 4305 University Ave., each in San Diego, California;
- 4120 Waring Road; 3142 Vista Way and 2125 S. El Camino Real, each in Oceanside, California;
- 1261 3rd Ave. and 2220 Otay Lakes Road, each in Chula Vista, California;
- 555 East Valley Parkway; 625 W. Citracado Parkway and 215 S. Hickory St., each in Escondido, California;
- 667 San Rodolfo, Solana Beach, California;
- 380 Mulberry Dr., San Marcos, California;
- 8851 Center Dr., La Mesa, California;
- 354 Santa Fe Dr.; and 317 N. El Camino Real, each in Encinitas, California;
- 9888 Genesee Ave. and 8110 La Jolla Shores, each in La Jolla, California;
- 11770 Bernardo Plaza Court, Rancho Bernardo, California