

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

Applicant: Cedars-Sinai Health System (Cedars or the System) 8700 Beverly Boulevard Los Angeles, CA 90048 Los Angeles County	Amount Requested: \$2,000,000,000 Requested Loan Term: Up to 40 years Authority Meeting Date: September 24, 2026 Resolution No. 474
Project Site: <i>See Exhibit 1</i> Facility Type: General Acute Care Hospital Eligibility: Government Code Section 15432(d)(1) Prior Borrower: Yes (date of last Authority approval – October 2021) Obligated Group: The System, Cedars-Sinai Medical Center (CSMC), Cedars-Sinai Marina Hospital, formerly known as CFHS Holdings, Inc. (d/b/a/ Cedars-Sinai Marina Del Rey Hospital) (CSMH), Torrance Memorial Medical Center (TMMC) and Pasadena Hospital Association Ltd. (d/b/a Huntington Hospital) (HH)	
Background: Cedars is a California nonprofit academic healthcare organization that serves more than one million people annually at more than 40 locations. Cedars provides comprehensive patient care, biomedical research, medical education, and community services and maintains a significant research enterprise. Cedars has expanded in recent years through several affiliations, including Cedars-Sinai Marina Hospital in 2015, Torrance Memorial Health in 2018, and Huntington Health in 2021.	
Use of Proceeds: Bond proceeds will be used to finance various capital improvement projects at the Cedars-Sinai Medical Center campus, including expansion of clinical capacity and research facilities. Proceeds will also be used to refinance all or any portion of the outstanding CHFFA Series 2015, Series 2016A and Series 2016B bonds, and to fund a portion of the interest on the 2026 bonds.	
Type of Issue: Negotiated public offering, tax-exempt fixed-rate bonds Expected Credit Rating: Aa3/AA-/AA-; Moody’s/S&P/Fitch Financing Team: <i>See Exhibit 2 to identify possible Conflicts of Interest</i>	
Financial Overview: Cedars’ income statement reflects strong growth in total revenues, resulting in positive operating income across the review period. Cedars’ balance sheet reflects a strong financial position with a pro-forma FY 2025 debt service coverage ratio of 4.2x.	
Estimated Sources of Funds: Bond proceeds	

Disclaimer: Any information in the staff report related to the borrower or the project, including any data or analysis related to the borrower's financial condition or ability to repay the financing, 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.). This staff report does not constitute a recommendation by the Authority to purchase the bonds. Prospective investors are advised to read the entire Preliminary Official Statement with respect to the bonds to obtain information essential to making an informed investment decision.

STAFF SUMMARY, ANALYSIS, AND RECOMMENDATION

I. PURPOSE OF FINANCING

Cedars is requesting Authority approval to issue one or more series of tax-exempt and/or taxable bonds in a principal amount not to exceed \$2.0 billion to finance capital projects at the Cedars-Sinai Medical Center campus and to refinance existing debt. The capital projects will expand clinical and research capacity and enhance patient care capabilities. Cedars will also use bond proceeds to refinance all or any portion of approximately \$821.3 million outstanding of the CHFFA Series 2015 bonds, Series 2016A bonds and Series 2016B bonds. Cedars expects the refinancing to generate debt service savings over time through more favorable financing terms and an improved cost of capital for a total expected net present value savings of \$46.5 million or roughly 6.8% over the life of the refunded bonds. The refinancing is also expected to restructure existing debt, optimize Cedars' capital structure, and provide interest rate management and improved covenant flexibility. Bond proceeds will also be used to fund a portion of the interest on the 2026 bonds.

New Money..... **\$1,186,188,300**

Bond proceeds will be used for various capital improvement projects at the Cedars-Sinai Medical Center campus. Projects include the construction of a new research tower; the addition of inpatient beds; expansion of the Emergency Department and Radiation Oncology services; modernization of operating rooms; and expansion and modernization of the Sterile Processing Department.

West Tower Research Facility:

Construction of a new 10-story research tower with laboratory space, offices, core research facilities, and supporting infrastructure. The project is expected to expand research capacity, advance translational research, and enhance Cedars' ability to attract leading researchers.

North Plaza Inpatient Beds:

Development of 56 new inpatient beds, including 36 medical-surgical beds and 20 ICU/universal beds, along with a new patient transport elevator and related infrastructure improvements. The project is expected to increase inpatient capacity and improve patient flow.

Emergency Department Expansion:

Expansion of the existing Emergency Department to add approximately 50 treatment spaces, a new CT scanner, and expanded patient care and waiting areas. The project is expected to increase emergency care capacity and improve patient flow.

Radiation Oncology Expansion:

Expansion and renovation of the Radiation Oncology clinic, including a new linear accelerator vault, MRI and CT simulators, and additional clinical space. The project is expected to expand oncology treatment capacity and improve access to advanced radiation therapies.

Operating Room Modernization:

Modernization of the sixth-floor operating suite, including five cardiovascular operating rooms, two hybrid operating rooms, and renovations to pre- and post-operative areas. The project is expected to enhance surgical capabilities and support advanced cardiovascular procedures.

Sterile Processing Expansion:

Expansion and modernization of the Main Hospital Building's Sterile Processing Department, including equipment upgrades. The project is expected to increase processing capacity and improve the efficiency of instrument processing and distribution.

Refunding 793,811,700

CHFFA Series 2015

Proceeds from the CHFFA Series 2015 bonds were used to refund the outstanding CHFFA Series 2005 bonds.

CHFFA Series 2016A & 2016B

Proceeds from the CHFFA Series 2016A and Series 2016B bonds were used to refinance the purchase of an administrative office building and various capital improvements at Cedars-Sinai Medical Center facilities, as well as to advance refund the callable portion of the CHFFA Series 2009 bonds.

Financing Costs 20,000,000

Cost of issuance	\$10,000,000
Underwriter's Discount	<u>10,000,000</u>

Total Estimated Uses of Funds \$2,000,000,000

II. PROPOSED COVENANTS, SECURITY PROVISIONS AND DISCLOSURES

The 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) proposed credit profile, including its current financial profile, prior bond transactions, and considering what the market will support, the System; KNN Public Finance, LLC (KNN), the Authority's municipal advisor; and the underwriter have concluded that the covenants listed below should be applicable to this transaction, and that the Obligated Group's current financial situation does not suggest additional covenants should be required.

Obligated Group: Upon the date of issuance of the Bonds, the 2021 Master Indenture will be amended and restated with the 2026 Master Indenture, and the System, CSMC, CSMH, TMMC and HH will continue to be the Members of the Obligated Group pursuant to the 2026 Master Indenture. Pursuant to the provisions of the previous Master Indenture, obligations were previously issued under the Master Indenture (each, an "Obligation") to secure the obligations under each of the loan agreements entered into with the Authority in connection with each issue of revenue bonds previously issued by the Authority for the benefit of the Members of the Obligated Group. An Obligation will be issued under the 2026 Master Indenture to secure the System's obligations under the Loan Agreement entered into with the Authority in connection with the proposed bonds.

The covenants listed below are applicable to this transaction.

Unconditional Promise to Pay. *In the Loan Agreement, the System agrees to pay the Bond Trustee all amounts required for payment of the principal, interest, redemption price, and purchase price, when required, with respect to the proposed bonds and agrees to pay the additional payments and expenses specified in the Loan Agreement. In addition, an Obligation will be issued under the 2026 Master Indenture to secure the obligation of the System to make the payments under the Loan Agreement. All Revenues (which will include payments by the System under the Loan Agreement and payments by the Obligated Group on the Obligation) and amounts held in the funds and account established under the Bond Indenture (excluding the Rebate Fund and Bond Purchase Fund) will be pledged to secure the full payment of the proposed bonds.*

Pledge of Gross Receivables. *Under the 2026 Master Indenture, each Obligated Group Member pledges a security interest in its Gross Receivables and the proceeds thereof to secure its obligation to make required payments under the 2026 Master Indenture.*

Limitation on Liens. *Each Obligated Group Member has agreed not to create or suffer to be created or permit the existence of any Lien upon Property other than Permitted Liens as detailed in the 2026 Master Indenture.*

Debt Service Coverage Requirement. *The 2026 Master Indenture requires that the Combined Group/Credit Group maintain an Annual Debt Service Coverage Ratio of 1.10 to 1.0. A debt service coverage ratio measures the ability to make interest and principal payments as they become due. If the Annual Debt Service Coverage Ratio falls below 1.10 to 1.0, the Credit Group Representative promises to employ an Independent Consultant, subject to certain exceptions set forth in the 2026 Master Indenture. There is no event of default if the Annual Debt Service Coverage Ratio falls below 1.0*

Limitations on Mergers, Sales or Conveyances. *The Obligated Group has agreed not to consolidate or merge with any corporation, 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 provisions set out in the 2026 Master Indenture.*

Limitations on Withdrawal from the Obligated Group and Entrance into the Obligated Group. *The 2026 Master Indenture sets forth certain requirements, including a financial transaction test, which must be met for withdrawal from, or entry into, the Obligated Group.*

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

**Cedars-Sinai Health System
Statement of Activities (Obligated Group)
(Income Statement)**

	For the Years Ended June 30,		
	(In Thousands)		
	2025	2024	2023
Net assets without donor restrictions			
Net patient service revenues before Medi-Cal Fee Program	\$ 6,286,556	\$ 5,997,773	\$ 5,555,782
Medi-Cal Fee Program revenue	71,749	219,310	67,664
Net patient service revenues	6,358,305	6,217,083	5,623,446
Premium revenues	150,641	143,637	133,166
Other operating revenues	409,601	390,233	118,387
Net assets released from restrictions	191,887	194,904	329,058
Total revenues, gains, and other support	7,110,434	6,945,857	6,204,057
Expenses			
Salaries and related costs	3,721,579	3,454,350	3,238,847
Professional fees	117,915	112,799	86,547
Materials, supplies, and other	2,333,025	2,178,365	2,124,844
Medi-Cal Fee Program expense	118,437	318,177	84,771
Interest	65,955	73,940	73,443
Depreciation and amortization	308,917	300,784	295,999
Total expenses	6,665,828	6,438,415	5,904,451
Income from operations	444,606	507,442	299,606
Investment income	584,114	661,989	350,463
Income on equity method investments	4,416	12,707	9,914
Other components of net periodic benefit costs	17,830	4,002	11,595
Other nonoperating (loss) income	(4,006)	30	-
Excess of revenues over expenses attributable to the Health System	\$ 1,046,960	\$ 1,186,170	\$ 671,578
Net assets without donor restrictions			
Controlling interest activity:			
Excess of revenues over expenses attributable to the Health System	\$ 1,046,960	\$ 1,186,170	\$ 671,578
Net assets released from restrictions related to property and equipment	12,436	23,082	39,615
Change in net pension assets	519	130,902	-
Change in pension liability	-	-	109,926
Transfer (to) from affiliates	(51,188)	(281,110)	652,819
Other	(1,004)	-	-
Increase in net assets without donor restrictions attributable to the Health System	1,007,723	1,059,044	1,473,938
Net assets with donor restrictions			
Contributions, grants, and other	238,848	276,711	424,076
Investment income	30,837	25,949	23,781
Net assets released from restrictions	(204,323)	(217,986)	(368,493)
Change in interest in Torrance Memorial Foundation net assets	26,979	20,987	3,204
Change in interest in Huntington Trust net assets	25,598	27,079	23,098
Increase in net assets with donor restrictions	117,939	132,740	105,666
Increase in net assets	1,125,662	1,191,784	1,579,604
Net assets, beginning of year	10,817,737	9,625,953	8,046,349
Net assets, end of year	\$ 11,943,399	\$ 10,817,737	\$ 9,625,953

Cedars-Sinai Health System
Statements of Financial Position (Obligated Group)
(Balance Sheet)

	As of June 30, (In Thousands)		
	2025	2024	2023
Assets			
Current assets:			
Cash and cash equivalents	\$ 1,326,658	\$ 1,722,887	\$ 1,860,894
Short-term investments	2,241,509	1,562,935	1,224,068
Board-designated assets	2,482,643	2,120,621	1,808,927
Current portion of assets limited as to use:			
Funds held by trustee	8,730	7,953	8,158
Pledges receivable	73,613	71,626	69,173
Managed care reserve fund	51,136	58,491	75,166
Patient accounts receivable	1,107,748	1,007,547	962,004
Due from third-party payors	5,659	5,461	-
Due from affiliates or parent	115,471	88,929	82,568
Inventory	73,428	70,555	71,377
Prepaid expenses and other assets	432,964	477,772	373,760
Total current assets	<u>7,919,559</u>	<u>7,194,777</u>	<u>6,536,095</u>
Assets limited as to use:			
Investments	1,017,960	974,100	882,536
Pledges receivable, less current portion	267,626	265,048	223,861
Funds held by trustee	385,620	530,642	594,987
Beneficial interest in net assets of Huntington Trust	514,265	488,667	461,588
	<u>2,185,471</u>	<u>2,258,457</u>	<u>2,162,972</u>
Property and equipment, net	4,528,359	4,203,111	4,027,228
Interest in net assets of Torrance Memorial Medical Center Health Care Foundation	165,851	138,872	119,989
Goodwill and other intangible assets	26,061	34,286	42,513
Equity method investments	516,749	482,760	392,597
Other noncurrent assets	756,575	774,799	480,593
Operating lease right-of-use assets	271,931	293,974	257,959
Financing lease right-of-use assets	2,339	5,205	9,596
Total assets	<u>\$ 16,372,895</u>	<u>\$ 15,386,241</u>	<u>\$ 14,029,542</u>
Liabilities and Net Assets			
Current liabilities:			
Accounts payable and other accrued liabilities	\$ 637,451	\$ 753,642	\$ 611,373
Due to third-party payors	5,295	-	3,011
Accrued payroll and related liabilities	604,696	560,830	508,230
Due to affiliates or parent	10,072	10,525	5,826
Risk pool liabilities	92,534	81,432	97,989
Current maturities of long-term debt	61,036	59,056	57,612
Current operating lease liabilities	51,771	47,179	46,160
Current financing lease liabilities	2,653	3,071	4,957
Total current liabilities	<u>1,465,508</u>	<u>1,515,735</u>	<u>1,335,158</u>
Long-term debt, less current maturities	2,460,404	2,515,439	2,589,160
Long-term operating lease liabilities	267,501	288,491	247,270
Long-term financing lease liabilities	1,308	2,906	6,103
Accrued workers' compensation and malpractice insurance claims, less current portion	196,543	211,426	178,933
Pension liability	28,857	32,105	45,683
Other liabilities	9,375	2,402	1,282
Total liabilities	<u>4,429,496</u>	<u>4,568,504</u>	<u>4,403,589</u>
Net assets:			
Without donor restrictions:			
Controlling interests	9,785,023	8,777,300	7,718,256
With donor restriction	2,158,376	2,040,437	1,907,697
Total net assets	<u>11,943,399</u>	<u>10,817,737</u>	<u>9,625,953</u>
Total liabilities and net assets	<u>\$ 16,372,895</u>	<u>\$ 15,386,241</u>	<u>\$ 14,029,542</u>
Proforma			
	FYE June 30, 2025	2025	2024
Debt Service Coverage by Operating Income (x)	4.2	6.4	6.5
Debt Service Coverage by Net Assets (x)	7.0	10.8	10.5
Debt to Unrestricted Net Assets (x)	0.4	0.3	0.3
Margin (%)		6.3	7.3
Current Ratio (x)		5.4	4.7

Financial Discussion

Cedars' income statement reflects strong growth in total revenues, resulting in positive operating income across the review period.

Cedars' Total revenues, gains, and other support increased to approximately \$7.1 billion in FY 2025, up from approximately \$6.9 billion in FY 2024 and \$6.2 billion in FY 2023. This growth was primarily driven by year-over-year increases in Net patient service revenues, which rose from approximately \$5.6 billion in FY 2023 to \$6.4 billion in FY 2025, a roughly 13.1% increase over the review period. According to Cedars' management, the increase in Net patient service revenue was driven by average annual patient volume growth of 2.5% and reimbursement rate increases ranging from approximately 2% to 4% across payers. Additionally, Other operating revenues experienced a significant increase, rising from approximately \$118.4 million in FY 2023 to \$409.6 million in FY 2025, an increase of over 245%. Other operating revenues consist primarily of Medi-Cal Fee Program (QAF) revenue, grant revenue, unrestricted donations, research-related grant revenue, and miscellaneous revenues. The increase in FY 2025 was primarily attributable to several large donations, higher QAF-related grant revenue, and approximately 5% annual growth in miscellaneous operating revenues.

Total expenses rose to approximately \$6.7 billion in FY 2025, an increase from \$6.4 billion in FY 2024 and \$5.9 billion in FY 2023. The largest contributor on the expense side was Salaries and related costs, which increased from approximately \$3.2 billion in FY 2023 to \$3.7 billion in FY 2025, a growth of roughly 14.9%. According to Cedars' management, the increase in Salaries and related costs was primarily attributable to workforce expansion necessary to support patient volume growth, which averaged approximately 2.5% annually, annual merit-based compensation increases averaging approximately 4%, and higher employee benefit costs, including health insurance, pension, and workers' compensation expenses. Furthermore, Medi-Cal Fee Program expense exhibited fluctuations, spiking from about \$84.8 million in FY 2023 to \$318.2 million in FY 2024 before dropping back to \$118.4 million in FY 2025. Medi-Cal Fee Program revenues and expenses are established by the State of California and subject to approval by the Centers for Medicare & Medicaid Services. Fluctuations in program expenses are primarily driven by changes in the overall funding of the program.

In preparation for the potential impacts of the federal reconciliation bill, H.R. 1 (2025) regarding federal health care cuts, surge in uncompensated care, individual health insurance coverage losses, etc., Cedars has projected the impacts within its current budget planning and long-range financial planning. Although Cedars does not expect to be significantly impacted by H.R. 1, Cedars has implemented both expense contingency strategies and revenue growth strategies to mitigate the impact on current and future financial performance. Cedars anticipates that approximately 15% of its Medi-Cal population could shift to uninsured status and that its reimbursements through Medi-Cal could be reduced by approximately \$20 million annually.

Cedars' balance sheet reflects a strong financial position with a pro-forma FY 2025 debt service coverage ratio of 4.5x.

Cedars' balance sheet reflects a steady expansion of its asset base, with Total assets increasing from approximately \$14.0 billion in FY 2023 to \$15.4 billion in FY 2024, and reaching approximately \$16.4 billion in FY 2025. Total current assets increased from \$6.5 billion in FY 2023 to \$7.9 billion in FY 2025. Within Current assets, Short-term investments increased substantially from \$1.2 billion in FY 2023 to \$2.2 billion in FY 2025. According to Cedars' management, the increase was primarily driven by investment income of approximately \$647 million in FY 2024 and \$574 million in FY 2025, reflecting continued positive investment performance. Conversely, Cash and cash equivalents declined from approximately \$1.9 billion in FY 2023 to just over \$1.3 billion in FY 2025. In June 2023, Cedars received approximately \$900 million in proceeds from Merck's acquisition of Prometheus Biosciences, Inc. The proceeds were reinvested in Cedar's long-term investment portfolio, resulting in a decrease in Cash and cash equivalents and an increase in Board-designated assets.

Cedars' operating debt service coverage ratio (DSCR) remained strong during the review period, at 4.9x in FY 2023, 6.5x in FY 2024, and 6.4x in FY 2025. The debt-to-unrestricted net assets ratio remained at a conservative 0.3x throughout the review period, reflecting low leverage relative to available unrestricted resources. With the proposed issuance of up to \$2 billion in revenue bonds, Cedars' pro-forma FY 2025 operating debt service coverage ratio is 4.2x, reflecting the combined effects of both new money and refunding components. The pro-forma FY 2025 debt-to-unrestricted net assets ratio remains steady at 0.4x, reflecting a slight increase in Cedars' leverage position following the proposed financing, but still well within a manageable threshold.

IV. DUE DILIGENCE

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

- **Government Code section 15438.5(a) (Pass-Through Savings):** Cedars completed and submitted the Pass-Through Savings Certification.
- **Government Code section 15459.1 (Community Service Obligation):** Cedars completed and submitted the Community Service Obligation certification and indicated that Medi-Cal and Medicare patients are accepted. Below is a link to Cedars' 2026 annual report regarding community service:

[2026 Report to the Community | Cedars-Sinai](#)

- **Compliance with Government Code section 15455(b) (California Environmental Quality Act (Pub. Resources Code, § 21000 et seq.)):** Cedars submitted documentation addressing the California Environmental Quality Act.
- **Legal Review:** Cedars 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:
(In thousands)

	Original Amount	Amount Outstanding as of June 30, 2025	Estimated Amount Outstanding After Proposed Financing
EXISTING LONG-TERM DEBT			
CHFFA Series 2015	\$ 370,220	\$ 266,010	\$ -
CHFFA Series 2016A	267,420	215,475	-
CHFFA Series 2016B	402,305	393,365	-
CSCDA Series 2018 ^a	100,000	89,125	87,000
Corporate Series 2021	300,000	300,000	300,000
CHFFA Series 2021A	1,034,365	1,034,365	1,034,365
PROPOSED NEW DEBT			
CHFFA 2026 Bonds			2,000,000
TOTAL DEBT		\$ 2,298,340	\$ 3,421,365

^a Tax-exempt bonds were issued on behalf of Huntington Hospital through the California Statewide Communities Development Authority. In 2021, Huntington Hospital affiliated with Cedars and became an Obligated Group Member.

VI. UTILIZATION STATISTICS

	Fiscal Year Ended June 30,		
	2025	2024	2023
Inpatient Admissions	103,725	100,009	100,185
Patient Days	573,123	565,926	563,633
Adjusted Patient Days	943,624	921,530	860,042
Observation Equivalent Days	36,246	37,093	20,388
Observation Patients Not Admitted	24,730	24,595	15,023
Deliveries	11,004	11,242	11,181
Average Length of Stay (days)	5.6	5.7	5.6
Case Mix Index	2	2	2
Occupancy (Avalable Beds)	82%	80%	80%
Outpatient Visits	2,198,506	2,054,751	1,850,113
Emergency Room Visits	325,609	312,910	303,163
Inpatient Surgeries	26,774	27,060	27,570
Outpatient Surgeries	43,407	40,845	61,791
Transplants	685	674	613
Licensed Beds	2,184	2,202	2,202
Available Beds	1,905	1,942	1,942

VII. BACKGROUND AND LICENSURE

Background

Cedars, a California nonprofit public benefit corporation, began in 1902 as a 12-bed hospital in the Angelino Heights neighborhood of Los Angeles. In 1961, Cedars-Sinai Medical Center (CSMC) was created through the merger of Cedars of Lebanon and Mount Sinai hospitals. Today, CSMC is one of the largest nonprofit academic medical centers in the United States, with 886 licensed beds, more than 2,100 physicians, and 2,800 nurses. Cedars provides a comprehensive range of primary, specialty, and subspecialty services and is a major center for medical education, research, and clinical care. Cedars serves more than one million people annually across more than 40 locations and maintains a broad research enterprise with more than 2,600 research projects and more than 700 active clinical trials.

Cedars' network includes Cedars-Sinai Medical Center, Cedars-Sinai Marina Hospital, Huntington Health, and Torrance Memorial Health, as well as other affiliated and partnership facilities. Cedars-Sinai Marina Hospital is a 133-bed community hospital providing inpatient and outpatient services and 24/7 emergency care, and Cedars is constructing a new nine-story hospital facility to expand and modernize services. Huntington Health is a 544-bed nonprofit organization and Cedars-Sinai affiliate serving the San Gabriel Valley, while Torrance Memorial Health provides comprehensive medical services to communities in the South Bay.

Cedars continues to expand its clinical, research, and educational capabilities. Cedars' 2025 statistics reflect 1,052 licensed beds, 17,383 full-time employees, 2.19 million outpatient visits, and 51,227 admissions. Its academic enterprise includes more than 2,500 peer-reviewed faculty publications, 379 grants totaling more than \$175 million in federal funding, and more than \$300 million in research expenses.

Licensure and Memberships

Cedars is a licensed general acute care hospital that is recognized by the California Department of Public Health and is accredited by The Joint Commission.

VIII. STAFF RECOMMENDATION

Staff recommends the Authority approve Resolution No. 474 in a principal amount not to exceed \$2,000,000,000 for Cedars-Sinai Health System, 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

- 110 N. George Burns Road, Los Angeles, CA 90048 (Los Angeles County)
- 116 George Burns Road, Los Angeles, CA 90048 (Los Angeles County)
- 139 South George Burns Road, Los Angeles, CA 90048 (Los Angeles County)
- 116 and 120 North Robertson Boulevard, Los Angeles, CA 90048 (Los Angeles County)
- 127 and 444 South San Vicente Boulevard, Los Angeles, CA 90048 (Los Angeles County)
- 6500 Wilshire Boulevard, Los Angeles, CA 90048 (Los Angeles County)
- 8575 West Third Street, Los Angeles, CA 90048 (Los Angeles County)
- 8705 and 8723 Gracie Allen Drive, Los Angeles, CA 90048 (Los Angeles County)
- 8723 and 8730 Alden Drive, Los Angeles, CA 90048 (Los Angeles County)
- 8700 and 8720 Beverly Boulevard, Los Angeles, CA 90048 (Los Angeles County)
- 310 North San Vicente Boulevard, West Hollywood, CA 90048 (Los Angeles County)
- 8750 and 8758 Beverly Boulevard, West Hollywood, CA 90048 (Los Angeles County)
- 200 North Robertson Boulevard, Beverly Hills, CA 90211 (Los Angeles County)
- 4363, 4373 and 4650 Lincoln Boulevard, Marina del Rey, CA 90292 (Los Angeles County)

EXHIBIT 2

FINANCING TEAM

Borrower: Cedars-Sinai Health System

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: McDermott Will & Schulte

Borrower's Financial Advisor: Kaufman, Hall & Associates, LLC

Bond Counsel: Orrick, Herrington & Sutcliffe LLP

Underwriters: BofA Securities, Inc.
RBC Capital Markets, LLC
J.P. Morgan Securities LLC

Underwriters' Counsel: Chapman and Cutler LLP

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

Trustee's and Master Trustee's Counsel: Foley & Lardner LLP

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

Auditor: Ernst & Young LLP

RESOLUTION NO. 474

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 CEDARS-SINAI HEALTH SYSTEM AND/OR 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 the 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, Cedars-Sinai Health System (the “System”) is affiliated with (1) Cedars-Sinai Medical Center (“CSMC”), (2) Cedars-Sinai Marina Hospital, formerly known as CFHS Holdings, Inc. (d/b/a Cedars-Sinai Marina del Rey Hospital) (“CSMH”), (3) Pasadena Hospital Association, Ltd. (d/b/a Huntington Hospital) (“Huntington”), and (4) Torrance Memorial Medical Center (“TMMC”), each of which owns and operates health facilities in the State of California and each of which is a nonprofit public benefit corporation duly organized and existing under the laws of the State of California; and

WHEREAS, the Authority has previously issued bonds, in the respective original aggregate principal amounts and with the respective principal amounts currently outstanding, as more particularly described and defined in Exhibit B hereto, and loaned the proceeds thereof to CSMC, to finance and/or refinance certain health facilities of CSMC or its affiliates as further described in Exhibit A hereto under the caption “The Prior Project” (the “Prior Project”); and

WHEREAS, the System has requested that the Authority issue one or more series of its revenue bonds in an aggregate principal amount not to exceed \$2,000,000,000, and make one or more loans of the proceeds thereof to the System for any or all of the following purposes, to (i) finance (including by reimbursing prior expenditures made for such purposes) and/or refinance the costs of the acquisition, construction, expansion, remodeling, renovation, furnishing and/or equipping of certain health facilities of the System and/or certain of its affiliates, as more particularly described under the caption “The Project – The New Project” in Exhibit A hereto (the “New Project” and together with the Prior Project, the “Project”); (ii) fund a portion of the interest on the Bonds, (iii) refund all or a portion of the bonds described under the caption the “Prior Bonds” in Exhibit B hereto; and (iv) if desired by the System, pay costs of issuance of the Bonds (as defined below); and

WHEREAS, to the extent required by subdivision (b) of Section 15455 of the California Government Code, the System 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; and

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 (Cedars-Sinai Health System), Series 2026” (the “Bonds”), in a total aggregate principal amount not to exceed \$2,000,000,000 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 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 sales, in such aggregate principal amounts (not to exceed the aggregate principal amount set forth in Section 1) and in such series, at such prices (so long as the discount on the Bonds sold shall not exceed 6 percent of the par value thereof) and at such interest rate or rates and upon such other terms and conditions as the Treasurer, with the advice and consent of the System, 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 System, be secured by deeds of trust, reserve funds, 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 (collectively, the “Loan Agreements”), each between the Authority and the System,
- (ii) One or more bond indentures relating to the Bonds (collectively, the “Bond Indentures”), each between the Authority and The Bank of New York Mellon Trust Company, N.A., as bond trustee (the “Bond Trustee”),
- (iii) One or more bond purchase agreements, including the exhibits thereto, relating to the Bonds (collectively, the “Bond Purchase Agreements”), each among any of BofA Securities, Inc., J.P. Morgan Securities LLC, RBC Capital Markets, LLC, or any of their respective affiliates, for itself or as representative of any underwriters named in the Bond Purchase Agreements as finally executed (collectively, the “Underwriter”), the Treasurer and the Authority, and approved by the System, 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 other credit and/or liquidity facility and/or another security arrangement, at the sole option of the System, 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 Bond Purchase Agreements and by delivery thereof in the case of the Preliminary Official Statements. 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 and provisions for the extension thereof (not exceeding 40 years from the respective date of issue), interest rates, interest 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 System), a preliminary official statement may not be used with respect to any series of 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 Bond Purchase Agreements 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 of any series.

SECTION 9. The provisions of the Authority's Resolution No. 2026-01, 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
THE PROJECT

The New Project

The New Project consists of the financing and/or refinancing of the acquisition, construction, expansion, remodeling, renovation, furnishing and/or equipping (including by reimbursing prior expenditures made for such purposes) of health facilities, including land, owned and/or principally used by one or more of the System and/or CSMC, and generally located at the following locations in the State of California: 8700 and 8720 Beverly Blvd., 139 S. George Burns Road, and 8730 Alden Drive, in Los Angeles.

The Prior Project

The Prior Project consists of the financing and/or refinancing of the acquisition, construction, expansion, furnishing, renovation, remodeling and equipping of certain health facilities generally located at the following locations in the State of California: 110 N. George Burns Road and 116 George Burns Road, each in Los Angeles; 116 and 120 N. Robertson Blvd., 127 and 444 S. San Vicente Blvd., 6500 Wilshire Blvd., 8575 W. Third St., 8705 and 8723 Gracie Allen Drive, 8723 and 8730 Alden Drive, and 8700 and 8720 Beverly Blvd., each in Los Angeles; 310 N. San Vicente Blvd., 8750 and 8758 Beverly Blvd., each in West Hollywood; 200 N. Robertson Blvd., Beverly Hills; and 4363, 4373 and 4650 Lincoln Blvd., each in Marina del Rey, and owned and operated by CSMC or certain of its affiliates.

EXHIBIT B

PRIOR BONDS

California Health Facilities Financing Authority Refunding Revenue Bonds (Cedars-Sinai Medical Center), Series 2015, originally issued in the aggregate principal amount of \$370,220,000, of which \$233,505,000 currently is outstanding.

California Health Facilities Financing Authority Revenue Bonds (Cedars-Sinai Medical Center), Series 2016A, originally issued in the aggregate principal amount of \$267,420,000, of which \$198,630,000 currently is outstanding.

California Health Facilities Financing Authority Refunding Revenue Bonds (Cedars-Sinai Medical Center), Series 2016B, originally issued in the aggregate principal amount of \$402,305,000, of which \$389,145,000 currently is outstanding.