

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

Applicant/ Borrower:	City of Hope (COH) 1500 E Duarte Road Duarte, CA 91010 (Los Angeles County)	Amount Requested:	\$500,000,000
		Requested Loan Term:	40 years
		Authority Meeting Date:	April 30, 2026
		Resolution Number:	470
Project Sites:	<i>See Exhibit 1</i>		
Facility Type:	Acute Care Hospital		
Eligibility:	Government Code Section 15432(d)(1)		
Prior Borrower:	Yes (last CHFFA issuance May 2025)		
Obligated Group:	The Obligated Group (Obligated Group) is identified in <i>Section VIII</i>		
Background: Established in 1913, COH is a nationally recognized nonprofit enterprise that provides innovative biomedical research, treatment, and education, specifically focused on the prevention and cure of cancer, diabetes, and other life-threatening diseases.			
Use of Proceeds: Bond proceeds will be used to refund an outstanding 2024 Bank of America term loan, to reimburse itself for prior capital expenditures, and to pay costs of issuance.			
Type of Issue:	Private Placement		
Expected Credit Rating:	Unrated – <i>Please see Guidelines Discussion on page 3</i>		
Financing Team:	<i>See Exhibit 2 to identify possible Conflicts of Interest</i>		
Financial Overview: COH’s income statement reflects increasing revenues, gains, and other support over the review period. COH’s balance sheet appears adequate with a pro-forma fiscal year (FY) 2025 operating debt service coverage ratio of 1.3x.			
<u>Estimated Sources of Funds:</u>		<u>Estimated Uses of Funds:</u>	
Bond proceeds	\$ 500,000,000	Refunding	\$ 449,000,000
		Capital projects	50,000,000
		Financing costs	1,000,000
Total Estimated Sources	\$ 500,000,000	Total Estimated Uses	\$ 500,000,000
Due Diligence: Staff has confirmed the documentation provided by COH satisfies the California Health Facilities Financing Authority’s (Authority) requirements: Eligibility, Legal Review, and the certifications for Pass-Through Savings and Community Service Obligation.			
Staff Recommendation: Staff recommends the Authority approve Resolution Number 470 in an amount not to exceed \$500,000,000 for City of Hope, subject to the conditions in the resolution. TAP International, Inc., the Authority’s financial analyst, and KNN Public Finance, LLC, the Authority’s municipal advisor, concur with the Authority’s staff recommendation.			

Disclaimer: Any information in this 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 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. Potential investors should not rely on information in this staff report and must perform their own due diligence to obtain information essential to the making an investment decision.

STAFF SUMMARY, ANALYSIS, AND RECOMMENDATION

I. PURPOSE OF FINANCING:

COH intends to use the new 2026 CHFFA bond proceeds to refund its outstanding 2024 Bank of America term loan (the 2024 Term Loan), to reimburse itself for capital expenditures for ongoing projects at COH's Orange County and Duarte campuses, and to pay costs of issuance. In October 2024, COH obtained a two-year term loan from Bank of America, totaling \$442.1 million, bearing a fixed interest rate of 5.61%. The new 2026 CHFFA bonds will be directly purchased by Banc of America Public Capital Corp and/or an affiliate.

Refunding..... \$449,000,000

Proceeds from the 2024 Bank of America term loan were used to reimburse certain capital expenditures associated with COH's Orange County campus as well as to refinance the \$119 million outstanding balance on its line of credit.

Capital Projects 50,000,000

Bond proceeds will be used to reimburse COH for prior expenditures on capital projects at City of Hope National Medical Center, located at 1450 and 1500 East Duarte Road, 1710 Flower Street, and 2144 Buena Vista Street in Duarte, California. COH is in the process of replacing an existing building on the Duarte campus that houses pathology, radiation, and oncology services, also commonly referred to as the "PROs Building." The \$50 million will be used primarily to reimburse prior expenditures for preliminary design and engineering costs and may also support a portion of construction costs.

Financing Costs..... 1,000,000

Estimated cost of issuance \$1,000,000

Total Estimated Uses of Funds..... \$500,000,000

II. GUIDELINES DISCUSSION:

The CHFFA Series 2026 bonds (the 2026 Bonds) will be an unrated, direct placement with Banc of America Public Capital Corp and/or an affiliate (Initial Purchaser). The following are the Authority's guidelines for unrated debt:

- Must be privately placed with and transferred only to a qualified institutional buyer (QIB) as defined by SEC Rule 144A, promulgated under the Securities Act of 1933*
- Minimum denomination of \$250,000*
- Unconditional Promise to Pay from Borrower
- Investor Letter required at issuance
- Bond transfer restrictions must be noted conspicuously on the bond itself
- Bonds must be physically delivered*

COH has requested the following exceptions to the Authority's Bond Issuance Guidelines for Unrated Debt for this transaction:

- The Series 2026 Bonds will be sold to and purchased by the Initial Purchaser and may be transferred only to (A) an affiliate of the Initial Purchaser or to a trust or custodial arrangement established by the Initial Purchaser, each of the holders of which is the Initial Purchaser or an affiliate of the Initial Purchaser, (B) one or more QIBs as defined by SEC Rule 144A, promulgated under the Securities Act of 1933, as amended, or (C) a trust or other custodial arrangement established by the purchaser or one of its affiliates, the owners of any beneficial interest in which are limited to QIBs; however, the Bond Indenture will provide that these transfer restrictions will no longer apply when and if an investment grade rating (BBB- or higher) is received from any nationally recognized rating agency (an "Investment Grade Confirmation");
- The Series 2026 Bonds will be in minimum denominations of \$100,000 or any integral multiple of \$5,000 in excess of \$100,000; however, the Bond Indenture will provide that the minimum denominations for the Series 2026 Bonds will be reduced to \$5,000 and any integral multiple thereof when and if an Investment Grade Confirmation is received; and
- The Bonds will be in book-entry form, with The Depository Trust Company acting as the securities depository.

The Authority's Debt Guidelines were established to reduce the risk that unrated bonds the Authority issues would be placed with unsophisticated investors, since unrated debt is typically considered to carry more risk than rated debt. Authority staff has determined that the proposed modifications to the Debt Guidelines sufficiently protect against this risk.

Additionally, the 2026 Bonds are not rated at this time because the Initial Purchaser does not require a rating. The Initial Purchaser is required to be a QIB under SEC Rule 144A and will make an independent credit determination to purchase the 2026 Bonds. The foregoing will be reflected in an Investor Letter from the Initial Purchaser (or equivalent provisions in the Bond Purchase Contract).

IV. 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 current finances of the Obligated Group (defined below) and the Series 2026 Bonds transaction, COH and its municipal advisor, Kaufman, Hall & Associates, LLC; KNN Public Finance, LLC (KNN), the Authority's municipal advisor; and the purchaser of the Series 2026 Bonds have concluded that the covenants listed below should be applicable to this transaction, are consistent with covenants that have applied to the Obligated Group's prior bond transactions, and that the Obligated Group's current financial situation does not suggest that additional covenants should be required.

In October 2023, COH entered into an amended and restated master trust indenture (as supplemented, the Master Indenture) with the following affiliates: City of Hope National Medical Center, City of Hope Medical Foundation, and Beckman Research Institute of the City of Hope (each, together with COH, a Member of the Obligated Group) to create an obligated group (the Obligated Group). COH is the Credit Group Representative under the Master Indenture and acts on behalf of itself and the other Members of the Obligated Group pursuant to the provisions of the Master Indenture.

COH will be the borrower under the loan agreement (the Loan Agreement) to be entered into by COH with the Authority in connection with the issuance of the Series 2026 Bonds. Acting on behalf of itself and the other Members of the Obligated Group, as Credit Group Representative, COH will issue one or more joint and several obligations (the Series 2026 Obligations) under the Master Indenture, to secure the obligations of COH under the Loan Agreement.

The covenants listed below are applicable to this transaction.

Unconditional Promise to Pay; Pledge of Gross Revenues. *COH agrees to pay the Trustee all amounts required for payment of the principal, interest and redemption premium, if applicable, with respect to the proposed Series 2026 Bonds and agrees to pay the additional payments and expenses specified in the Loan Agreement. In addition, COH, acting on behalf of itself and the other Members of the Obligated Group, will issue the Series 2026 Obligations to secure the obligations of COH to make the payments under the Loan Agreement.*

All Revenues (which will include payments by COH under the Loan Agreement and payments by the Obligated Group on the Series 2026 Obligations) and amounts held in the funds and account established under the Indenture (excluding the Bond Purchase Fund and the Rebate Fund) will be pledged to secure the full payment of the proposed Series 2026 Bonds. No reserve fund will be established for the proposed Series 2026 Bonds.

Pledge of Gross Receivables. *Each Member of the Obligated Group has in the Master Indenture granted to the Master Trustee a security interest in the Gross Receivables of the Obligated Group Members.*

Limitation on Liens; Permitted Liens. *Each Member of the Obligated Group has agreed in the Master Indenture not to create, assume or suffer to exist any Lien upon its Property except for Permitted Liens.*

Debt Service Coverage Requirement. *The Master Indenture requires that the Credit Group maintain a Debt Service Coverage Ratio of 1.10.*

Limitations on Indebtedness and Restrictions on Guaranties. *Each Member of the Obligated Group has agreed not to incur Indebtedness or Guaranties unless authorized by various provisions set out in the Master Indenture.*

Limitations on Disposition of Assets. *Each Member of the Obligated Group has covenanted not to voluntarily sell, lease or otherwise dispose of Property in any Fiscal Year other than as authorized by various provisions set out in the Master Indenture.*

Limitations on Merger, Consolidation, Sale or Conveyance. *Each Member of the Obligated Group has agreed not to merge or consolidate with any entity which is not a Member of the Obligated Group or sell or convey all or substantially all of its assets to an entity not a Member of the Obligated Group other than as authorized by the various provisions set out in the Master Indenture.*

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

Continuing Disclosure. *COH, on behalf of the Obligated Group, will contractually agree to disclose designated financial and operating information to the SEC web site (EMMA) during the life of the Series 2026 Bonds and to report designated “material events,” such as missed debt service payments, any change in bond ratings, defeasance, redemptions, etc.*

Staff has completed its due diligence, and KNN has reviewed the bond documents associated with the proposed financing and found these documents and proposed covenants to be acceptable.

V. FINANCIAL STATEMENTS AND ANALYSIS:

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

	For the Years Ended September 30, (In Thousands)		
	2025	2024	2023
Revenues, gains, and other support:			
Net patient service revenues	\$ 3,840,040	\$ 3,324,772	\$ 2,915,245
Research grants, contracts and clinical trials	245,874	217,499	206,652
Contributions	200,831	296,776	272,693
Investment income	271,656	249,699	205,893
Net unrealized gain on investments	141,677	392,310	232,058
Royalty and licensing revenue	-	-	8,456
Other revenue	88,888	106,431	74,530
Total revenues, gains, and other support	4,788,966	4,587,487	3,915,527
Expenses:			
Salaries, wages, and employee benefits	1,500,926	1,365,888	1,191,882
Purchased services and professional fees	707,370	651,011	683,229
Supplies and pharmaceuticals	1,598,598	1,339,588	1,096,085
Royalty sharing	-	-	2,833
Interest, including changes in fair value of swap agreements	128,244	138,388	69,308
Depreciation and amortization	171,811	161,179	153,597
Hospital provider fee	51,280	35,083	28,052
Equipment rental and maintenance	45,658	35,354	31,217
Occupancy	71,587	62,532	60,140
Insurance	8,423	6,668	5,725
Other expense	142,279	94,290	68,998
Total expenses	4,426,176	3,889,981	3,391,066
Change in net assets before other changes	362,790	697,506	524,461
Distributions to noncontrolling interest	(45,389)	-	-
Changes in net assets	317,401	697,506	524,461
Net assets, beginning of year	5,547,921	4,845,874	4,321,413
Net assets, end of year	\$ 5,865,322	\$ 5,543,380	\$ 4,845,874

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

	As of September 30, (In Thousands)		
	2025	2024	2023
Assets			
Current assets:			
Cash and cash equivalents	\$ 418,235	\$ 463,829	\$ 366,020
Short-term investments	1,301,696	1,443,843	1,564,174
Self-insurance trust funds	4,537	3,628	4,464
Patient accounts receivable, net	489,257	533,957	435,026
Grants and other receivables	115,861	174,418	194,356
Current portion of donor-restricted unconditional promises to give, net	54,627	94,191	69,775
Prepaid and other	104,847	80,073	77,050
Due from third-party payors	61,074	-	23,403
Due from affiliates	1,197,011	960,471	77,149
Total current assets	<u>3,747,145</u>	<u>3,754,410</u>	<u>2,811,417</u>
Property and equipment, net	2,360,338	2,289,158	2,037,872
Right-of-use finance lease assets	5,762	5,771	5,250
Right-of-use operating lease assets	162,715	176,510	156,985
Other assets:			
Long-term investments	7,172	4,939	3,880
Board-designated assets	1,544,528	1,464,591	1,208,842
Bond trust funds	34	12	75,522
With donor restrictions:			
Investments	965,771	848,477	724,327
Unconditional promises to give, net	247,151	265,122	208,758
Contributions receivable from annuity and split-interest agreements, net	83,374	93,985	101,313
Other	47,039	36,769	29,959
Goodwill and other intangible assets	27,727	32,480	37,233
Interest rate swaps	9,972	8,601	12,443
Other long-term assets	381,838	272,638	228,236
Total other assets	<u>3,314,606</u>	<u>3,027,614</u>	<u>2,630,513</u>
Total assets	<u>\$ 9,590,566</u>	<u>\$ 9,253,463</u>	<u>\$ 7,642,037</u>

(Continued)

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

		As of September 30,		
		(In Thousands)		
		2025	2024	2023
Liabilities and Net Assets				
Current liabilities:				
Accounts payable	\$	66,648	\$ 78,825	\$ 114,138
Other Accrued liabilities		285,764	285,891	243,879
Accrued salaries, wages, and employee benefits		156,790	147,560	116,811
Long-term debt, current portion		-	333,565	7,560
Right-of-use finance leases, current portion		2,342	2,072	6,255
Right-of-use operating leases, current portion		17,341	20,972	17,384
Short-term borrowings		200,000	250,000	123,408
Contract liabilities		33,617	27,267	19,262
Due to third-party payors		45,812	45,180	-
Due to affiliates		76,567	33,431	22,333
Total current liabilities		884,881	1,224,763	671,030
Long-term debt, net of current portion		2,487,083	2,179,745	1,865,744
Right-of-use finance leases, net of current portion		3,797	3,856	6,720
Right-of-use operating leases, net of current portion		156,486	163,924	145,294
Annuity and split-interest agreement obligations		36,825	36,955	33,053
Interest rate swaps		-	1,896	-
Other		156,172	98,944	74,322
Total liabilities		3,725,244	3,710,083	2,796,163
Net assets:				
Without donor restrictions:				
Controlling interests		4,504,168	4,242,007	3,745,544
With donor restriction		1,361,154	1,301,373	1,100,330
Total net assets		5,865,322	5,543,380	4,845,874
Total liabilities and net assets	\$	9,590,566	\$ 9,253,463	\$ 7,642,037
Proforma				
	FYE September 30, 2025^(a)	2025	2024	2023
Debt Service Coverage (x) - Operating	1.3	1.4	6.6	9.1
Debt Service Coverage (x) - Net Assets	1.2	1.3	6.6	9.1
Debt to Unrestricted Net Assets (x)	0.6	0.6	0.6	0.5
Margin (%)		7.6	15.2	13.4
Current Ratio (x)		4.2	3.1	4.2

^(a) Recalculates FY 2025 audited results to include the impact of the proposed financing.

Financial Discussion

COH's income statement reflects increasing revenues, gains, and other support over the review period.

COH has demonstrated strong revenue growth over the past three fiscal years, with Total revenues, gains, and other support increasing from approximately \$3.9 billion in FY 2023 to about \$4.8 billion in FY 2025. This growth was primarily driven by solid performance in net patient service revenues, which rose from nearly \$2.9 billion to approximately \$3.8 billion over the same period. According to COH management, COH continues to see year-over-year growth in patient volumes, driven by better utilization of its facilities, expansion of its clinical network, and increased activity within its specialty pharmacy program. In line with its strategic focus on expanding clinical networks to increase both outpatient and inpatient capacity, COH completed construction of a new outpatient cancer center at its Duarte campus as well as two comprehensive physician clinics in Phoenix during FY 2025. Additionally, on December 1, 2025, COH opened a new 73-bed acute care hospital in Orange County.

Operating margins decreased slightly, from 13.4% in FY 2023 to 7.6% in FY 2025 as expenses grew at a faster rate than revenues. Total expenses grew from nearly \$3.4 billion in FY 2023 to approximately \$4.4 billion in FY 2025. This growth was primarily attributable to higher costs for Supplies and pharmaceuticals, which rose from approximately \$1.1 billion in FY 2023 to nearly \$1.6 billion in FY 2025, driven by increased volumes and expansion of the specialty pharmacy program. Salaries, wages, and employee benefits also increased, rising from approximately \$1.2 billion in FY 2023 to \$1.5 billion in FY 2025, largely reflecting workforce growth to support higher volumes and operational expansion, along with inflationary impacts.

COH's balance sheet appears adequate with a pro-forma FY 2025 operating debt service coverage ratio of 1.3x.

COH's balance sheet shows significant expansion over the review period, with total assets increasing from approximately \$7.6 billion in FY 2023 to nearly \$9.6 billion in FY 2025, representing roughly 25% growth. This increase was primarily driven by growth in Property and equipment and Other assets. Property and equipment increased from approximately \$2 billion in FY 2023 to nearly \$2.4 billion in FY 2025. The growth in Property and equipment reflects the completion of major capital projects on the Duarte campus and the construction of the Orange County hospital. Other assets increased from approximately \$2.6 billion in FY 2023 to more than \$3.3 billion in FY 2025, which included an increase of about \$322 million in board-designated assets and an increase of about \$244 million in investments.

COH maintained a solid operating debt service coverage ratio (DSCR) though declining from 9.1x in FY 2023 to 6.6x in FY 2024 and then to 1.4x in FY 2025. With the new issuance of up to \$500 million in bonds, COH's pro-forma FY 2025 operating DSCR is 1.3x, indicating continued ability to service its debt. Leverage remained manageable, with debt-to-unrestricted net assets increasing modestly from 0.5x in FY 2023 to 0.6x in FYs 2024 and 2025. As the majority of the new bond issuance is refunding existing debt, COH's pro-forma debt-to-unrestricted net assets ratio remains at 0.6x. Liquidity remained solid, with the current ratio ending the review period at 4.2x, continuing to reflect strong short-term financial flexibility.

VI. DUE DILIGENCE:

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

- **Government Code section 15438.5(a) of the Act (Pass-Through Savings):** COH completed and submitted the Pass-Through Savings Certification.
- **Government Code section 15459.1 of the Act (Community Service Obligation):** COH completed and submitted the Community Service Obligation Certification and indicated that Medi-Cal and Medicare patients are accepted. Below is a link to the COH's most recent Annual Report regarding community service:

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

- **Compliance with Government Code section 15455(b) of the Act (California Environmental Quality Act):** COH submitted documentation addressing the California Environmental Quality Act.
- **Legal Review:** COH completed and submitted documentation responsive to the Authority's Legal Status Questionnaire.
- **Iran Contracting Act Certificate:** The Iran Contracting Act Certificate (Pub. Contract Code, §2200 et seq.) is not applicable to this particular financing, as it is a private placement purchase.

VII. OUTSTANDING DEBT:
(In Thousands)

<u>Issue:</u>	<u>Original Amount</u>	<u>Amount Outstanding as of 9/30/2025</u>	<u>Estimated Amount Outstanding After Proposed Financing</u>
Existing Debt			
CHFFA Series 2012A	\$ 234,635	\$ 20,000	\$ 20,000
Series 2013 Direct Obligation Notes	350,000	350,000	350,000
CHFFA Series 2017A & 2017B Notes	65,360	65,360	65,360
Series 2018 Direct Obligation Notes	300,000	300,000	300,000
CHFFA Series 2019	334,905	274,905	274,905
Series 2022BCDE & Series 2023A Direct Obligation Notes	600,000	600,000	600,000
Illinois Finance Authority Series 2023A & 2023B	650,000	207,900	207,900
Bank of America Term Loan 2024	442,100	442,100	-
OC Note 2024	43,500	43,500	43,500
CHFFA Series 2025	189,140	189,140	189,140
Proposed Financing			
CHFFA Series 2026			500,000
TOTAL		\$ 2,492,905	\$ 2,550,805

VIII. UTILIZATION STATISTICS:

	<u>Fiscal Year Ended September 30,</u>		
	<u>2025</u>	<u>2024</u>	<u>2023</u>
Discharges	12,495	11,610	10,696
Adjusted patient days	451,747	427,506	383,439
Occupancy	66.6%	65.7%	60.9%
Chimeric antigen receptor T-cell therapy	464	441	353
Bone marrow transplant (BMT) cases	772	859	828
BMT length of stay	28.6	31.8	28.0
All discharges length of stay	7.6	8.1	8.2
Surgery cases	22,940	20,809	19,381
Outpatient visits and infusions	1,196,932	954,212	813,902
Unique patients	168,486	156,907	144,223
Case mix index	3.2	3.1	3.4

IX. BACKGROUND AND LICENSURE:

Background

COH is a California nonprofit public benefit corporation, with its affiliates City of Hope National Medical Center (the Center), City of Hope Medical Foundation (the Foundation) and Beckman Research Institute of the City of Hope (the Institute), which together operate a clinical and research enterprise focused on transforming scientific discoveries into better prevention strategies and better treatments for patients with cancer, diabetes and other life-threatening diseases. COH's research enterprise – encompassing basic research in the laboratory, clinical trials in patients, and genetic cancer risk assessment and cancer survivorship research – combined with its clinical enterprise, the Center's hospital in Duarte, California, and the Foundation's community practices, are the foundation for City of Hope's National Cancer Institute-designated Comprehensive Cancer Center.

COH's main campus is in Duarte, approximately 20 miles northeast of downtown Los Angeles. The main campus includes an acute care tertiary hospital and facilities for research and outpatient treatment located on more than 100 landscaped acres. In this setting, physicians and scientists collaborate to discover, develop and implement strategies for the prevention and treatment of cancer and other catastrophic diseases. In addition, the Foundation operates clinics in a number of locations, taking the results of COH's scientific and clinical expertise into local communities.

The Center dates back to 1913, when it was founded as a tuberculosis sanitarium on its present site in Duarte. The Center expanded its research and treatment programs to other chronic diseases in the late 1940s, as tuberculosis ceased to be a major health threat. It was during this period that the Center was incorporated and began to focus on specialized cancer research and treatment. In 1979, a medical research organization, which later became the Institute, was organized as a California nonprofit public benefit corporation to conduct basic scientific research activities. In 2011, the Foundation began operations after it acquired substantially all of the assets of two medical groups that previously provided teaching, administrative, research, and coverage services to the Center.

Licensure and Accreditation

The Center is accredited by The Joint Commission and the College of American Pathologists. The Center's hospital, Helford Clinical Research Hospital, is a licensed General Acute Care Hospital by the California Department of Public Health.

Obligated Group Members

Only the Obligated Group Members have assumed financial obligations related to the payment or security for any bonds or any other obligations incurred under the Master Trust Indenture. The following entities constitute the Obligated Group:

- City of Hope
- City of Hope National Medical Center
- City of Hope Medical Foundation
- Beckman Research Institute of the City of Hope

X. STAFF RECOMMENDATION:

Staff recommends the Authority approve Resolution Number 470 in an amount not to exceed \$500,000,000 for City of Hope, subject to the conditions in the resolution. TAP International, Inc., the Authority's financial analyst, and KNN Public Finance, LLC, the Authority's municipal advisor, concur with the Authority's staff recommendations.

EXHIBIT 1

PROJECT SITES

- 1000 and 1000A FivePoint, Irvine, CA 92618
- 1450 and 1500 East Duarte Road, Duarte, CA 91010
- 1710 Flower Street, Duarte, CA 91010
- 2144 Buena Vista Street, Duarte, CA 91010

EXHIBIT 2

FINANCING TEAM

Borrower: City of Hope

Agent for Sale: California State Treasurer

Issuer's Counsel: Office of the Attorney General

Issuer's Municipal Advisor: KNN Public Finance, LLC

Issuer's Financial Analyst: TAP International, Inc.

Borrower's Counsel: Chapman and Cutler LLP

Borrower's Financial Advisor: Kaufman, Hall & Associates, Inc.

Bond Counsel: Hawkins Delafield & Wood LLP

Purchaser: Banc of America Public Capital Corp and/or
affiliate(s)

Purchaser's Counsel: Kutak Rock LLP

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

Trustee's & Master Trustee's Counsel: Thompson Hine LLP

Auditor: Ernst & Young LLP

RESOLUTION NO. 470

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 CITY OF HOPE

WHEREAS, the California Health Facilities Financing Authority (the “Authority”), a public instrumentality of the State of California, is authorized and empowered by the provisions of the California Health Facilities Financing Authority Act (the “Act”) to issue revenue bonds and loan proceeds thereof to any participating health institution to finance the construction, expansion, remodeling, renovation, furnishing, equipping and acquisition of health facilities (including by reimbursing expenditures made for such purposes), to refinance indebtedness of a participating health institution in connection therewith and to refund any outstanding bonds or any outstanding series or issue of bonds of the Authority; and

WHEREAS, City of Hope (the “Corporation”) is a nonprofit public benefit corporation duly organized and existing under the laws of the State of California, which owns and operates health facilities in the State of California; and

WHEREAS, the Corporation has requested that the Authority issue one or more series of its revenue bonds in an aggregate principal amount not to exceed \$500,000,000, and make one or more loans of the proceeds thereof to the Corporation to (i) refinance certain taxable debt, the proceeds of which were applied to finance capital projects at certain health facilities of the Corporation, as more particularly described under the caption “*Prior Project*” in Exhibit A hereto (the “Prior Project”), (ii) finance, through reimbursement of prior expenditures for, capital projects at certain health facilities of the Corporation, as more particularly described under the caption “*New Project*” in Exhibit A hereto (the “New Project” and, together with the Prior Project, the “Project”), and (iii) pay costs of issuance relating to the Bonds; and

WHEREAS, the Authority’s “Bond Issuance Guidelines” for unrated bonds or bonds rated below investment grade (the “Below Investment Grade Bond Policies”), adopted by the Authority Board in Resolution No. 2012-08, provides, among other things, that (1) bonds may be placed with and transferred to only Qualified Institutional Buyers as defined in SEC Rule 144A; (2) bonds must be issued in minimum denominations of \$250,000; and (3) bonds must be physically delivered; and

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

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

WHEREAS, 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 (City of Hope), Series 2026*” with such additional letter or numerical series or sub-series designations as may be set forth in the final forms of the documents listed in Section 3 below (the “Bonds”), in a total aggregate principal amount not to exceed \$500,000,000, are hereby authorized to be issued from time to time, in one or more series, with such other name or names of the Bonds or series thereof as designated in any of the bond indentures pursuant to which the Bonds will be issued. The proceeds of the Bonds shall be used for any or all of the purposes set forth in the third recital above.

SECTION 2. The Treasurer of the State of California (the “Treasurer”) is hereby authorized to enter into agreements to sell the Bonds in one or more series, on one or more sale dates at any time prior to the first anniversary of the date of this Resolution, at public or private sale, in such aggregate principal amounts (not to exceed the aggregate principal amount set forth in Section 1) and in such series, at such prices (so long as the discount on the Bonds sold shall not exceed 6 percent of the par value thereof) and at such interest rate or rates and upon such other terms and conditions as the Treasurer, with the advice and consent of the Corporation, may determine. The Bonds or any series of them may, at the sole option of the Corporation, be secured by deeds of trust, a reserve fund, bond insurance, credit facility and/or liquidity facility satisfying the terms of the indenture pursuant to which such Bonds will be issued.

SECTION 3. Proposed forms of the following documents:

- (a) one or more Loan Agreements relating to the related Bonds (the “Loan Agreements”), between the Authority and the Corporation,
- (b) one or more Bond Indentures relating to the related Bonds (the “Bond Indentures”), between the Authority and U.S. Bank Trust Company, National Association, as bond trustee (the “Trustee”), and
- (c) one or more Bond Purchase Contracts, including the exhibits thereto, relating to the related Bonds (the “Purchase Contracts”), among the Treasurer, the Authority and Banc of America Public Capital Corp, or any affiliate thereof (the “Initial Purchaser”), and the Corporation,

are hereby approved in substantially the forms on file with the Authority prior to this meeting, with such insertions, deletions or changes therein (including, without limitation, insertions, deletions or changes therein appropriate to reflect provisions relating to a deed of trust, a bond reserve fund, bond insurance, any other credit and/or liquidity facility and/or another security arrangement, at the sole option of the Corporation, for any series

of Bonds) as the officer executing the same may require or approve, such approval to be conclusively evidenced by execution and delivery thereof in the case of the Loan Agreements, the Bond Indentures and the Purchase Contracts. The Executive Director shall seek the advice of bond counsel and counsel to the Authority with respect to any such insertions, deletions or changes therein.

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

SECTION 5. The dated dates, maturity dates (not exceeding 40 years from the date of issue), interest rates or methods of determining interest rates, interest rate modes, interest payment dates, denominations, forms, registration privileges or requirements, place or places of payment, terms of tender or purchase, terms of redemption, provisions governing transfer and other terms of the Bonds, including provisions for a reserve fund, bond insurance, credit facility and/or a liquidity facility as applicable from time to time, shall be as provided in the respective Bond Indentures, as finally executed.

SECTION 6. The Bonds, when executed, shall be delivered to the Trustee for authentication by the Trustee. The Trustee is hereby requested and directed to authenticate the Bonds by executing the Trustee's Certificate of Authentication appearing thereon, and to deliver the Bonds, when duly executed and authenticated, to or upon direction of the Initial Purchaser thereof in accordance with written instructions executed on behalf of the Authority, which instructions are hereby approved. Said instructions shall provide for the delivery of the Bonds to or upon direction of the Initial Purchaser, as determined and confirmed by the Treasurer, upon payment of the purchase price thereof.

SECTION 7. Each officer of the Authority is hereby authorized and directed, for and in the name of and on behalf of the Authority, to do any and all things which they may deem necessary or advisable in order to consummate the issuance, sale, and delivery of the Bonds and otherwise to effectuate the purposes of this Resolution and the Bond Indentures, Loan Agreements and Purchase Contracts. The Authority hereby approves any and all documents to be delivered in furtherance of the foregoing purposes, including without limitation: (a) a tax certificate and agreement and other certifications; and (b) any agreement or commitment letter with respect to the provisions of bond insurance, a letter of credit, a surety bond, a credit facility and/or a liquidity facility for any of the Bonds.

SECTION 8. The Authority finds that it is appropriate to accommodate the Corporation and hereby grants the Waiver Request, permitting deviations from the Below Investment Grade Bond Policies in connection with the issuance and sale of the Bonds as follows: (1) the Bonds may be privately placed with and transferred only to a Qualified Institutional Buyer ("QIB") as defined by SEC Rule 144A, promulgated under the Securities Act of 1933, to an affiliate of a QIB, or to a trust or custodial arrangement established by a QIB or an affiliate of a QIB, each of the holders of which is a QIB or an affiliate of a QIB; (2) Bonds may be sold in minimum denominations of \$100,000 or any integral multiple of \$5,000 in excess of \$100,000; and (3) the Bonds may be in book-entry form, with The Depository Trust Company acting as the securities depository. Further, in the event the Bonds subsequently achieve ratings as described in the Authority's "Rating

Requirements for Investment Grade Rated Transactions”, the transfer restrictions set forth in this Section will not apply and the Bonds may be transferred in minimum denominations of \$5,000 and any integral multiple thereof.

SECTION 9. The provisions of the Authority’s Resolution No. 2026-01, or a superseding delegation 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. This Resolution shall take effect from and after the date of adoption.

Date of Adoption: _____

Exhibit A

Prior Project

The proceeds of a term loan entered into between City of Hope (the “Corporation”) and Bank of America, N.A. on October 8, 2024 in the amount of \$442,100,000 (the “Taxable Debt”), were applied to finance the acquisition, construction, expansion, remodeling, renovation, furnishing and/or equipping of certain health facilities owned and operated by the Corporation at (i) City of Hope Orange County Cancer Specialty Hospital, located at 1000A FivePoint, Irvine, California, in an amount not to exceed \$330 million and (ii) City of Hope Orange County Lennar Foundation Cancer Center, located at 1000 FivePoint, Irvine, California, in an amount not to exceed \$120 million.

New Project

The financing, through reimbursement of prior expenditures, for the acquisition, construction, expansion, remodeling, renovation, furnishing and/or equipping of certain health facilities owned and operated by the Corporation at City of Hope National Medical Center, located at 1450 and 1500 East Duarte Road, 1710 Flower Street and/or 2144 Buena Vista Street, Duarte, California, in an amount not to exceed \$50 million.