

**CHFFA REVENUE BOND FINANCING PROGRAM
EXECUTIVE SUMMARY**

<p>Applicant: Cedars-Sinai Medical Center ("CSMC") 8700 Beverly Blvd. Los Angeles, CA 90048 Los Angeles County</p> <p>Project Sites: See Exhibit 1</p> <p>Facility Types: General Acute Care Hospital</p> <p>Eligibility: Government Code 15432(d) (1)</p> <p>Prior Borrower: Yes (date of last CHFFA issue, 2015)</p> <p>Obligated Group: CSMC is the sole member of the Obligated Group.</p>	<p>Amount Requested: \$775,000,000</p> <p>Authority Meeting Date: October 19, 2016</p> <p>Requested Loan Term: Up to 40 years</p> <p>Resolution Number: 419</p>																				
<p>Background: CSMC, a California nonprofit public benefit corporation established in 1961, owns and operates a major tertiary medical center in Los Angeles, California. CSMC is situated on an approximately 25-acre site and includes a 2.1 million square foot main medical center complex supported by an additional 1.3 million square feet in adjacent research and ancillary facilities. In addition, CSMC owns an adjacent outpatient Surgery Center of approximately 44,000 square feet. As a teaching hospital, CSMC serves as a regional resource with a full complement of primary care, specialty and subspecialty services.</p>																					
<p>Use of Proceeds: CSMC seeks to issue fixed rate bonds for the purchase of an administrative office building that CSMC is currently leasing, and to finance the costs of construction, expansion, furnishing, renovation, remodeling, and equipping certain health facilities, including 444 S. San Vicente Blvd., 4363 and 4373 Lincoln Blvd., and the campus of CSMC at and around 8700 Beverly Blvd., all located in the city of Los Angeles. Bond proceeds will also be used to advance refund the callable portion of the CHFFA Revenue Bonds Series 2009, and CSMC expects the refunding to result in a net present value savings of approximately \$46.1 million over the life of the bonds.</p>																					
<p>Type of Issue: Negotiated public offering of fixed rate bonds (minimum \$5,000 denominations)</p> <p>Expected Credit Rating: Aa3 Moody's; AA- Fitch</p> <p>Financing Team: <i>Please see Exhibit 2 to identify possible conflicts of interest</i></p>																					
<p>Financial Overview: CSMC's income statement appears to exhibit fluctuating operating income while total revenues continued to increase. CSMC's balance sheet appears strong with increasing net assets and an FY 2015 pro-forma operating debt service coverage ratio of 7.22x.</p>																					
<table style="width: 100%; border-collapse: collapse;"> <tr> <td colspan="2">Estimated Sources of Funds:</td> <td colspan="2">Estimated Uses of Funds:</td> </tr> <tr> <td>Bond Proceeds</td> <td style="text-align: right;">\$ 775,000,000</td> <td>Refunding Series 2009 Bonds</td> <td style="text-align: right;">\$ 441,340,000</td> </tr> <tr> <td></td> <td></td> <td>Project Fund</td> <td style="text-align: right;">327,833,000</td> </tr> <tr> <td></td> <td></td> <td>Cost of Issuance</td> <td style="text-align: right;">5,827,000</td> </tr> <tr> <td>Total Estimated Sources</td> <td style="text-align: right;"><u>\$ 775,000,000</u></td> <td>Total Estimated Uses</td> <td style="text-align: right;"><u>\$ 775,000,000</u></td> </tr> </table>		Estimated Sources of Funds:		Estimated Uses of Funds:		Bond Proceeds	\$ 775,000,000	Refunding Series 2009 Bonds	\$ 441,340,000			Project Fund	327,833,000			Cost of Issuance	5,827,000	Total Estimated Sources	<u>\$ 775,000,000</u>	Total Estimated Uses	<u>\$ 775,000,000</u>
Estimated Sources of Funds:		Estimated Uses of Funds:																			
Bond Proceeds	\$ 775,000,000	Refunding Series 2009 Bonds	\$ 441,340,000																		
		Project Fund	327,833,000																		
		Cost of Issuance	5,827,000																		
Total Estimated Sources	<u>\$ 775,000,000</u>	Total Estimated Uses	<u>\$ 775,000,000</u>																		
<p>Legal Review: Staff has received and reviewed the Eligibility, Legal Review, Religious Due Diligence, Savings Pass Through, CEQA documentation, Community Service Obligation, Seismic, and the Iran Contracting Act certificate. All documentation satisfies the Authority's requirements.</p>																					
<p>Staff Recommendation: Staff recommends the Authority approve Resolution Number 419 for Cedars-Sinai Medical Center in an amount not to exceed \$775,000,000, subject to the conditions in the resolution, including a bond rating of at least investment grade by a nationally recognized rating agency. Macias Gini & O'Connell, LLP, the Authority's financial analyst, and KNN Public Finance, LLC ("KNN"), the Authority's financial advisor, concur with the Authority's staff recommendation.</p>																					

I. PURPOSE OF FINANCING

CSMC seeks to issue fixed rate bonds for the purchase of an administrative office building CSMC is currently leasing, and to finance the costs of construction, expansion, furnishing, renovation, remodeling, and equipping certain health facilities, including 444 S. San Vicente Blvd., 4363 and 4373 Lincoln Blvd., and the campus of CSMC at and around 8700 Beverly Blvd., all located in the city of Los Angeles. In FY 2016, the rent expense for the administrative office building was \$14 million. CSMC plans to continue relocating administrative staff to the office building. CSMC’s management expects the project will be cash flow positive before the new money proceeds of the Bonds are paid off, based on the currently planned 20-year final maturity of the new money portion of the Bonds. Bond proceeds will also be used to advance refund the callable portion of the CHFFA Revenue Bonds Series 2009 to take advantage of current lower interest rates being offered in the marketplace. CSMC expects the refunding to result in a net present value savings of approximately \$46.1 million over the life of the bonds. The bonds will be issued in two series, with the proceeds from Series 2016A used for the new money project and proceeds from Series 2016B used for refunding.

Refunding CHFFA Series 2009..... \$441,340,000

Proceeds from the CHFFA Series 2009 Bonds were used to finance the acquisition, construction, renovation, remodeling, and equipping of the health facilities owned and operated by CSMC. In particular, bond proceeds were used to fund the construction of the Advanced Health Sciences Pavilion (“AHSP”), an 11 story building that provides approximately 440,000 square feet for programs and approximately 380,000 square feet of parking. The building is Gold Certified under the U.S. Green Building Council LEED program. The AHSP integrates the activities of both CSMC’s researchers and physicians, and includes diagnostic imaging services, ambulatory surgery, pharmacy, and education programs. Proceeds were also used for facility improvements and upgrades, which included the nursing units, the emergency department, patient rooms, research wet lab, imaging, pathology as well as for the design, build, and implementation of the Epic Clinical Systems and the Epic electronic medical record system.

Project Fund 327,833,000

CSMS has entered into a purchase agreement to acquire the existing approximately 450,000 square foot administrative office building located at 6500 Wilshire Blvd., in Los Angeles. CSMC leases approximately 85% of the building, and expects to relocate additional administrative staff to the building once the purchase is complete. Services currently provided at the building include Community Relations, Finance, Managed Care, Revenue Cycle, Compliance, Facilities, and Information Services. A portion of the project funds will also be used to reimburse CSMC for past capital expenditure or future capital expenditure costs.

<i>Financing Costs</i>		<u>5,827,000</u>
Estimated underwriter's discount.....	\$2,551,000	
Estimated cost of issuance	<u>3,276,000</u>	
<i>Total Estimated Total Uses of Funds</i>		<u>\$775,000,000</u>

[INTENTIONALLY LEFT BLANK]

II. PROPOSED COVENANTS, SECURITY PROVISIONS AND DISCLOSURES:

Obligated Group. CSMC is a California nonprofit public benefit corporation and is the only member of the Obligated Group. CSMC is the borrower under the Loan Agreements.

This Executive Summary and its recommendations are based on the covenants and disclosures listed below. 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 cannot be diluted or removed without subsequent review. If there have been modifications to the proposed covenants following the preparation of this Executive Summary, staff will report it at the meeting.

After reviewing CSMC's current financial profile, prior bond transactions, and recent market precedent, CSMC, KNN, and the underwriter have determined the following covenants should be included in this financing. CSMC, KNN, and the underwriter note these covenants are consistent with those that have applied to CSMC's prior bond transactions and that CSMC's current financial profile does not suggest that additional covenants should be required by CHFFA.

The following covenants are applicable for this transaction:

Unconditional Promise to Pay. *CSMC agrees to pay to the Bond Trustee all amounts required for principal, interest or redemption premium, if applicable, and other payments and expenses designated in the Loan Agreements. The Obligated Group guarantees all such payments under the Obligations issued under the Master Indenture. All Revenues (which will include payments by CSMC under each Loan Agreement and payments by the Obligated Group under the applicable Obligation) and any other amounts held in a designated fund or account under the related Bond Indenture are pledged to secure the full payment of the Series 2016A Bonds and Series 2016B Bonds. Currently, CSMC is the only Member of the Obligated Group.*

Pledge of Gross Revenues. *Under the Supplemental Master Indenture for the Series 2016A Bonds and the Supplemental Master Indenture for the Series 2016B Bonds, each Member of the Obligated Group pledges to deposit all of its Gross Revenues into a Gross Revenue Fund over which, under certain circumstances related to payment defaults on any Obligation, the Master Trustee can exercise control for the benefit of each Obligation holder.*

Limitation on Liens. *Each Member agrees that it will not create, assume or suffer to exist any Lien upon the Property of the Obligated Group except for Permitted Encumbrances.*

Limited Permitted Encumbrances. *Each Member is subject to a restrictive set of allowable Liens it may incur pursuant to the Master Indenture, such allowable Liens being "Permitted Encumbrances."*

Debt Service Coverage Requirement. *The Master Indenture requires an Annual Required Debt Service Coverage Ratio of more than 1.10:1.00. A debt service coverage ratio measures the ability to make interest and principal payments as they become due. If the Annual Required Debt Service Coverage Ratio falls below 1:10:1.00, the Obligated Group Representative promises to employ an Independent Consultant. An immediate event of default occurs if the Annual Required Debt Service Coverage Ratio falls below 1.00:1.00.*

Limitations on Mergers, Sales or Conveyances. *Each Member agrees that it will not merge or consolidate with any other entity or sell or convey all or substantially all of its assets to any entity that is not a Member unless authorized by various limiting measures set out in the Master Indenture.*

Limitations on Exit of Existing Members of the Obligated Group or Entrance of New Members. *The Master Indenture sets forth restrictions that must be met, including financial tests, for an existing Member to exit the Obligated Group or a new Member to enter the Obligated Group.*

Disposition of Cash and Property Limitations. *Each Member agrees that it will not dispose any Property if such disposition will cause the Annual Required Debt Service Coverage Ratio for the Members to be less than 1.10:1.00.*

No Reserve Account. *There will not be a debt service reserve account pledged to the Series 2016A Bonds or the Series 2016B Bonds.*

Staff has completed its due diligence, and KNN has reviewed the Loan Agreements, Bond Indentures, Supplemental Indentures, and prior CSMC offering documents associated with this financing package and find these documents and proposed covenants to be acceptable.

[INTENTIONALLY LEFT BLANK]

III. FINANCIAL STATEMENTS AND ANALYSIS:

CEDARS-SINAI MEDICAL CENTER
Consolidated Statements of Operations and
Changes in Unrestricted Net Assets
(\$ in thousands)

	Year ended June 30,		
	2015	2014	2013
Unrestricted net assets:			
Unrestricted revenues, gains, and other support:			
Net patient service revenue*	\$ 2,849,538	\$2,679,729	\$ 2,694,094
Provision for bad debts	216	(177,237)	(214,531)
Net patient service revenue less provision for bad debts	2,849,754	2,502,492	2,479,563
Premium revenues	6,637	-	-
Other operating revenues	71,035	132,849	134,011
Investment income associated with operations	(344)	3,695	4,408
Net assets released from restrictions	163,865	135,466	128,118
Total unrestricted revenues, gains, and other support	3,090,947	2,774,502	2,746,100
Expenses:			
Salaries and employee benefits	1,436,423	1,365,281	1,322,276
Professional fees	27,673	27,185	24,350
Materials, supplies, and other	1,046,547	871,153	852,435
Interest	41,570	44,067	33,527
Depreciation and amortization	159,064	149,686	131,041
Total expenses	2,711,277	2,457,372	2,363,629
Operating income	379,670	317,130	382,471
Investment (loss) income associated with future operating and capital needs	(13,606)	155,734	94,734
Excess of revenues over expenses	366,064	472,864	477,205
Unrestricted controlling net assets activity:			
Net assets released from restrictions related to property and equipment	27,062	1,251	1,489
Change in pension liability	(58,654)	(15,828)	57,451
Transfer to (from) affiliates	(93,573)	(53,082)	(29,883)
Increase in unrestricted net assets attributable to the Medical Center	240,899	405,205	506,262

Continued

Temporarily restricted net assets activity:			
Contributions and grants	185,631	126,599	155,175
Investment income	13,116	12,761	11,936
Net assets released from restrictions	<u>(165,612)</u>	<u>(136,717)</u>	<u>(129,607)</u>
Increase in temporarily restricted net assets	33,135	2,643	37,504
Permanently restricted net assets activity:			
Contributions	<u>14,874</u>	<u>16,642</u>	<u>8,228</u>
Increase in permanently restricted net assets	<u>14,874</u>	<u>16,642</u>	<u>8,228</u>
Increase in net assets	288,908	424,490	551,994
Net assets at beginning of year	<u>3,019,434</u>	<u>2,594,944</u>	<u>2,042,950</u>
Net assets at end of year	<u><u>\$ 3,308,342</u></u>	<u><u>\$3,019,434</u></u>	<u><u>\$ 2,594,944</u></u>

Payer Source for FYE 06/30/2015

*Net patient service revenue	Percent
HMO/PPO and Managed Care	62.1
Medicare ⁽¹⁾	21.9
Medi-Cal ⁽¹⁾	8.7
Self-pay and Other	<u>7.3</u>
Total	100.0

⁽¹⁾ ACA made up 8.1% of combined revenue sources

CEDARS-SINAI MEDICAL CENTER
Consolidated Balance Sheets
(\$ in thousands)

	Year ended June 30,		
	2015	2014	2013
Assets			
Current assets:			
Cash and cash equivalents	\$ 340,495	\$ 302,257	\$ 373,068
Short-term investments	835,160	780,223	448,179
Board-designated assets	667,691	632,135	511,552
Assets limited as to use	12,345	12,440	12,813
Patient accounts receivable	506,683	459,188	433,911
Inventory	31,492	29,770	26,993
Prepaid expenses and other assets	139,821	88,975	100,191
Total current assets	<u>2,533,687</u>	<u>2,304,988</u>	<u>1,906,707</u>
Property and equipment, net	1,758,150	1,755,834	1,734,906
Investments	194,403	181,630	177,392
Assets restricted for the acquisition of property and equipment	8,094	8,707	7,664
Permanently restricted assets	282,648	267,774	251,132
Other assets	278,521	213,435	204,585
Total assets	<u>\$ 5,055,503</u>	<u>\$ 4,732,368</u>	<u>\$ 4,282,386</u>
Liabilities and net assets			
Current liabilities:			
Accounts payable and other accrued liabilities	\$ 267,588	\$ 220,188	\$ 195,770
Due to third-party payers	6,280	3,936	17,673
Accrued payroll and related liabilities	261,512	242,511	225,858
Current portion of long-term debt	34,535	41,260	44,505
Total current liabilities	<u>569,915</u>	<u>507,895</u>	<u>483,806</u>
Long-term debt, less current maturities	1,010,846	1,048,570	1,079,192
Accrued workers' compensation and malpractice insurance claims, less current portion	110,431	107,506	94,623
Other liabilities	55,969	48,963	29,821
Total liabilities	<u>1,747,161</u>	<u>1,712,934</u>	<u>1,687,442</u>
Net assets:			
Unrestricted:			
Controlling interests	2,712,972	2,472,073	2,066,868
Temporarily restricted	312,722	279,587	276,944
Permanently restricted	282,648	267,774	251,132
Total net assets	<u>3,308,342</u>	<u>3,019,434</u>	<u>2,594,944</u>
Total liabilities and net assets	<u>\$ 5,055,503</u>	<u>\$ 4,732,368</u>	<u>\$ 4,282,386</u>

Financial Ratios:

	Proforma ^(a)			
	FYE June 30, 2015			
Debt Service Coverage (x) -- Operating	7.22	6.42	5.39	6.30
Debt Service Coverage (x) -- Net	5.49	4.89	6.32	7.73
Debt/Unrestricted Net Assets (x)	0.50	0.39	0.44	0.54
Margin (%)		12.28	11.43	13.93
Current Ratio (x)		4.45	4.54	3.94

^(a) Recalculates FY 2015 audited results to include the impact of this proposed financing.

Financial Discussion – Statement of Activities (Income Statement)

CSMC's income statement appears to exhibit fluctuating operating income while total revenues continued to increase over the review period.

CSMC's income statement appears to exhibit increasing total revenues of 12.6%, from approximately \$2.7 billion in FY 2013 to approximately \$3.1 billion in FY 2015. Expenses grew at a slightly greater rate of 14.7% over the same period, from approximately \$2.4 billion in FY 2013 to approximately \$2.7 billion in FY 2015. Operating income initially experienced a decrease of 17%, from approximately \$382.5 million in FY 2013 to approximately \$317.1 million in FY 2014, but then rebounded by 19.7% to approximately \$379.7 million in FY 2015. According to CSMC's management, decreased patient volume in FY 2014 resulted in a slight increase of 1% in net patient service revenue while expenses increased 4%. In FY 2015, patient volumes and the resulting net patient service revenue increased significantly by 13.9% while expenses increased by 10.3%. CSMC also experienced an increase in patient volume in FY 2015 since the implementation of the Affordable Care Act. CSMC's management continues to monitor expenses as part of its organizational goals to ensure it is appropriately resourcing operations and has started several task forces to ensure they obtain those goals.

CSMC's net income appeared to experience a decrease of 23.3%, from approximately \$477.2 million in FY 2013 to approximately \$366.1 million in FY 2015. According to CSMC's management, the decline is primarily due to a deterioration in investment returns. In FY 2014, CSMC's investment income was approximately \$155.7 million, but then turned to a loss of approximately \$13.6 million in FY 2015. According to CSMC's management, this decrease was also driven by unfavorable investment market conditions in FY 2015.

According to CSMC's management, CSMC continues to monitor and assess the many facets of the Affordable Care Act. While CSMC has seen significant expansion of Medi-Cal and commercial exchange patients, it expects to be prepared to continue to meet the growing demand and continue to provide high quality care.

Particular Facts to Note:

- Other operating revenues decreased from approximately \$134 million in FY 2013 to approximately \$71 million in FY 2015. According to CSMC's management, the decrease was due to a reclassification of professional fee revenue for faculty from other operating revenues to net patient service revenues.
- CSMC experienced a decreasing change in pension liability from approximately \$57.5 million in FY 2013 to approximately negative \$15.8 million in FY 2014, and then to approximately negative \$58.7 million in FY 2015. According to CSMC's management, the negative pension liability results were primarily due to the challenging investment market conditions from FY 2013 through FY 2015. CSMC's Investment Committee reviews and formulates the investment and allocation plan on an annual basis.
- Transfers from affiliates increased from approximately \$29.9 million in FY 2013 to approximately \$93.6 million in FY 2015. According to CSMC's management, the increase in transfers from affiliates was to fund increased operating losses and practice acquisitions at the Cedars-Sinai Medical Care Foundation.

Financial Discussion – Statement of Financial Position (Balance Sheet)

CSMC's balance sheet appears strong with increasing net assets and a FY 2015 pro-forma operating debt service coverage ratio of 7.22x over the review period.

CSMC's balance sheet appears strong with total unrestricted net assets continuing to grow from approximately \$2.1 billion in FY 2013 to \$2.7 billion in FY 2015, an increase of 31.3%. CSMC appears to display a strong ability to repay its debt obligation with a debt service coverage ratio of 6.30x in FY 2013, 5.39x in FY 2014, and 6.42x in FY 2015. The proposed bond issuance and new debt for the facility purchase increases CSMC's total debt; however, the expected savings from the refunding portion appears to improve the FY 2015 proforma debt service coverage ratio to 7.22x. CSMC has decreased its debt-to-unrestricted net assets ratio from 0.54x in FY 2013 to 0.39x in FY 2015. CSMC's FY 2015 proforma debt-to-unrestricted net assets ratio increases to 0.50x, as would be expected with the new money portion of the proposed bond issuance.

Particular Facts to Note:

- CSMC's short-term investments increased significantly from approximately \$448.1 million in FY 2013 to approximately \$835.1 million in FY 2015. According to CSMC's management, short-term investments increased due to strong operating results.
- Accounts payable increased from approximately \$195.8 million in FY 2013 to approximately \$267.6 million in FY 2015. According to CSMC's management, the increase in accounts payable is driven by the timing of payments and accruals, primarily the Hospital Provider Fee.

IV. DUE DILIGENCE:

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

- **Section 15438.5(a) of the Act (Savings Pass Through):** CSMC properly completed and submitted the “Pass-Through Savings Certification,” in addition to a narrative explaining how it intends to pass through savings.

According to CSMC’s management, CSMC provided approximately \$103 million of community benefit programs and education and training for physicians and other health professionals in FY 2015.

Health Professions Education

As an academic medical center, CSMC offers graduate medical education and many other education programs for a variety of health professionals. They include offering graduate education training programs in over 80 physician specialty and subspecialty areas; and other health professions education programs including degree programs and extensive educational resources for aspiring and current nurses, dietitians, psychologists, paramedics, pathologists, researchers, rehabilitation professionals and chaplains.

Community Health Improvement

- Clinical services are provided to underserved communities daily, through an on-site primary adult care clinic; and through mobile medical units and free and community clinics throughout Los Angeles – all serving underserved, uninsured and underinsured populations.
- Each year, CSMC takes part in community-based activities including health fairs, exercise programs, and screening programs for conditions such as cardiovascular disease, depression, diabetes and hypertension, as well as immunization programs, lectures and workshops. Also offered are disease-specific support groups, patient education programs and program affiliates.
- CSMC plans and implements long-term comprehensive strategies to meet the health needs of underserved communities. Signature Community Benefit programs seek to improve health in communities by building strong partnerships, building community capacities and providing direct education.

<http://www.cedars-sinai.edu/Community-Benefit/index.aspx>

- **Section 15491.1 of the Act (Community Service Requirement):** CSMC properly completed and submitted this certification and indicated that Medi-Cal and Medicare patients are accepted.
- **Compliance with Seismic Regulations:** CSMC properly submitted a description of how it is complying with OSHPD seismic evaluation regulations.

- **Compliance with Section 15455(b) of the Act (California Environmental Quality Act):** CSMC properly submitted documentation to the Authority, where applicable, demonstrating that each proposed project has either complied with Division 13 (commencing with Section 21000) of the Public Resources Code, or is otherwise not a “project” under that division.
- **Religious Due Diligence:** CSMC properly completed and submitted the “Religious Due Diligence” questionnaire.
- **Legal Review:** CSMC properly completed and submitted relevant documentation for the Authority’s Legal Questionnaire.
- **Iran Contracting Act Certificate:** The underwriter properly completed and submitted the “Iran Contracting Act” certificate.

[INTENTIONALLY LEFT BLANK]

EXHIBIT 1
PROJECT SITES

Cedars-Sinai Medical Center Health Facilities

- 444 South San Vicente Boulevard, Los Angeles, California 90048
- 6500 Wilshire Boulevard, Los Angeles, California 90048
- Campus of CSMC at and around 8700 Beverly Boulevard, Los Angeles, California 90048
- 4363 and 4373 Lincoln Boulevard, Los Angeles, California 90292

EXHIBIT 2
FINANCING TEAM

Borrower: Cedars-Sinai Medical Center

Agent for Sale: California State Treasurer

Issuer's Counsel: Office of the Attorney General

Issuer's Financial Advisor: KNN Public Finance, LLC

Issuer's Financial Analyst: Macias Gini & O'Connell, LLP

Borrower's Counsel: McDermott Will and Emery, LLP

Borrower's Financial Advisor: Kaufman, Hall & Associates

Bond Counsel: Orrick, Herrington & Sutcliffe, LLP

Underwriter: Barclays Bank PLC

Underwriter Counsel: Norton Rose Fulbright US, LLP

Trustee: The Bank of New York Mellon

Trustee Counsel: Emmet, Marvin & Martin, LLP

Auditor: Ernst & Young LLP

Rating Agencies: Moody's Investors Service, Inc.
Fitch Ratings, Inc.

EXHIBIT 3
UTILIZATION STATISTICS

Cedars-Sinai Medical Center

	Fiscal Year Ended		
	June 30,		
	2015	2014	2013
Average length of stay (Days) ⁽¹⁾	5.14	5.17	5.11
Patient Days	243,040	234,412	251,653
Admissions, excluding newborns	47,320	45,268	49,752
Average available beds	886	862	877
Occupancy %	78.1	74.5	78.6
Emergency room visits	88,422	85,082	85,305
Outpatients visits	697,539	662,055	630,269
Outpatient surgeries	13,691	14,392	13,327
Medicare case mix index	2.13	2.06	1.95

⁽¹⁾ Average length of stay is defined as patient days divided by admissions

EXHIBIT 4
OUTSTANDING DEBT

Cedars-Sinai Medical Center
(Dollar Amounts Expressed in Thousands)

<u>Date Issued</u>	<u>Original Amount</u>	<u>Amount Outstanding^(a) As of June 30, 2015</u>	<u>Estimated Amount Outstanding after Proposed Financing</u>
-EXISTING LONG-TERM DEBT:			
CHFFA Revenue Bonds, Series 2005 ^(b)	\$ 518,820	\$ 469,779	\$ -
CHFFA Revenue Bonds, Series 2009 ^(c)	535,000	439,563	25,300
CHFFA Revenue Bonds, Series 2011	148,400	122,639	122,639
CHFFA Revenue Bonds, Series 2015 ^(b)	370,220	-	370,220
Other notes payable	14,000	13,400	13,400
- PROPOSED NEW DEBT:			
CHFFA Revenue Bonds, Series 2016^(d)			775,000
- TOTAL DEBT		\$ 1,045,381	\$ 1,306,559

^(a) Includes current portion of long-term debt.

^(b) Cedars refunded the Series 2005 bonds in November 2015 and should be reflected in the FY 2016 audit.

^(c) Cedars expects to refund only the callable Series 2009 Bonds with the Series 2016 financing.

^(d) Total amount includes expected bond premium.

EXHIBIT 5

BACKGROUND AND LICENSURE

Background

CSMC, a California nonprofit public benefit corporation, incorporated in 1961, owns and operates a major tertiary medical center in Los Angeles, California. CSMC is situated on an approximately 25-acre site and includes a 2.1 million square foot main medical center complex supported by an additional 1.3 million square feet of space in adjacent research and ancillary facilities. In addition, CSMC owns an adjacent outpatient Surgery Center and the Mark Goodson Building, an offsite ambulatory care facility of approximately 269,000 square feet of space, including parking. As a teaching hospital, CSMC serves as a regional resource with a full complement of primary care, specialty and subspecialty services.

As one of the largest nonprofit hospitals in the western United States, CSMC has combined expertise in technology, research and the provision of patient care to create a standard of excellence in healthcare. The campus is comprised of multiple patient care buildings in which inpatient and outpatient services are delivered, and which contain additional space for administrative services. CSMC is currently licensed for 886 beds, of which 826 were available for use as of June 30, 2016. CSMC's facilities are in compliance with the California seismic safety requirements and will not require any construction, retrofitting or relocation of core services and facilities in order to fully comply with such requirements until 2030.

CSMC provides comprehensive health services to a diverse population of approximately 5.1 million people who reside in the central, western and southern portions of metropolitan Los Angeles and the southern San Fernando Valley.

Cedars-Sinai Medical Care Foundation (“The Foundation”)

Formed as a California nonprofit public benefit corporation in December 1993, the Foundation operates and maintains multispecialty clinics, holds payor contracts and the assets of acquired physician and physician group practices, and contracts for physician services pursuant to professional services agreements. The Foundation is affiliated with approximately 1,200 physicians with practices situated on the west side of Los Angeles and manages approximately 42,000 commercial and senior managed care capitated lives.

Licenses and Contracts

CSMC is licensed by the State of California Department of Public Health. CSMC is accredited by the Joint Commission. CSMC has received several certifications, including: American Heart Association First Hour Designation, Emergency Department Approved for Pediatrics, Commission on Cancer Certificate of Approval, and American Diabetes Association Certificate of Recognition, Comprehensive Stroke and Mechanical Circulatory Support Certification by The Joint Commission. CSMC holds memberships in the American Hospital Association, the California Hospital Association, the Hospital Council of Southern California, the Association of Western Hospitals, the Voluntary Hospitals of America, and the Council of Teaching Hospitals of the Association of American Medical Colleges.

RESOLUTION NO. 419

RESOLUTION OF THE CALIFORNIA HEALTH FACILITIES FINANCING
AUTHORITY AUTHORIZING THE ISSUANCE OF REVENUE BONDS
RELATED TO THE FINANCING AND REFINANCING OF
PROJECTS AT CERTAIN HEALTH FACILITIES OF
CEDARS-SINAI MEDICAL CENTER 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 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 Medical Center (the “Corporation”) is a nonprofit public benefit corporation duly organized and existing under the laws of the State of California and owns and operates health facilities in the State of California; and

WHEREAS, the Authority has previously issued its Revenue Bonds (Cedars-Sinai Medical Center), Series 2009 (the “Prior Bonds”), in the aggregate principal amount of \$535,000,000, of which \$417,905,000 currently is outstanding, and loaned the proceeds thereof to the Corporation to finance the acquisition, construction, expansion, furnishing, renovation, remodeling and equipping of health facilities, as more particularly described under the caption “Prior Project” in Exhibit A hereto (the “Prior Project”); and

WHEREAS, the Corporation has requested that the Authority issue one or more series of its revenue bonds in an aggregate principal amount not to exceed \$775,000,000, and make one or more loans of the proceeds thereof to the Corporation to (i) finance (including reimburse for) the costs of acquisition, construction, expansion, furnishing, renovation, remodeling and equipping of certain health facilities, as more particularly described under the caption “New Project” in Exhibit A hereto (the “New Project” and, together with the Prior Project, the “Project”), (ii) refund all or any portion of the outstanding Prior Bonds, and (iii) if determined by the Corporation, pay costs of issuance of the Bonds (as defined below); and

WHEREAS, to the extent required by subdivision (b) of Section 15455 of the Government Code, the Corporation has provided documentation to the Authority demonstrating, to the extent applicable, 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 (a) “California Health Facilities Financing Authority Revenue Bonds (Cedars-Sinai Medical Center), Series 2016A” (the “Series 2016A Bonds”), and (b) “California Health Facilities Financing Authority Refunding Revenue Bonds (Cedars-Sinai Medical Center), Series 2016B” (the “Series 2016B Bonds” and, together with the Series 2016A Bonds, the “Bonds”), in a total aggregate principal amount not to exceed \$775,000,000, 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 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 facility 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 Corporation,

(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, as bond trustee (the “Bond Trustee”),

(iii) One or more Bond Purchase Contracts, including the exhibits thereto, relating to the Bonds (collectively, the “Bond Purchase Contracts”), each among Barclays Capital Inc. (the “Underwriter”), the Treasurer and the Authority, and approved by the Corporation, and

(iv) a preliminary official statement relating to the Bonds (the “Preliminary Official Statement”),

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 Bond Purchase Contracts and by delivery thereof in the case of the Preliminary Official Statement. 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 respective date of issue), interest rates, 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 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 Statement 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 Bonds. The Underwriter is hereby directed to deliver the final official statement (the "Official Statement") 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, Loan Agreements, Bond Purchase Contracts and Official Statement. 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 the Bonds of any series.

SECTION 9. The provisions of the Authority's Resolution No. 2014-05 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
THE PROJECT

New Project:

“New Project” is the financing of, including reimbursement for, the costs of the acquisition, construction, expansion, furnishing, renovation, remodeling and equipping of the health facilities located at 6500 Wilshire Blvd.; 4363 and 4373 Lincoln Blvd.; 444 South San Vicente Blvd., and the campus of the Corporation at and around 8700 Beverly Blvd.; all of which are located in the City of Los Angeles, California, and owned and operated by the Corporation or certain of its affiliates.

Prior Project:

“Prior Project” is the refinancing of the costs of the acquisition, construction, expansion, furnishing, renovation, remodeling and equipping of the health facilities located at the campus of the Corporation at and around 8700 Beverly Blvd., and owned and operated by the Corporation or certain of its affiliates.