

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

<p><b>Applicant:</b> El Camino Hospital (ECH) 2500 Grant Road Mountain View, CA 94040 Santa Clara County</p> <p><b>Project Sites:</b> See Exhibit 1</p> <p><b>Facility Type:</b> Acute care hospital</p> <p><b>Eligibility:</b> Government Code Section 15432(d)(1)</p> <p><b>Prior Borrower:</b> Yes (last CHFFA issuance March 2017)</p> <p><b>Obligated Group:</b> ECH is the sole member</p>	<p><b>Amount Requested:</b> \$275,000,000</p> <p><b>Requested Loan Term:</b> Up to 40 years</p> <p><b>Authority Meeting Date:</b> April 24, 2025</p> <p><b>Resolution Number:</b> 463</p>
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**Background:** ECH is a California non-profit public benefit corporation operated by the El Camino Healthcare District. ECH runs a single hospital across two campuses: a 328-bed acute-care hospital in Mountain View, founded in 1961, and a 143-bed facility in Los Gatos, acquired in 2009. ECH provides a range of clinical and surgical services, serving communities across Mountain View, Los Altos, Sunnyvale, Cupertino, Los Gatos, Saratoga, Campbell, San Jose, Alviso, and Santa Clara.

**Use of Proceeds:** Bond proceeds will be used to refund the outstanding Santa Clara County Financing Authority (SCCFA) Series 2009A bonds and the California Health Facilities Financing Authority (CHFFA or Authority) Series 2015A bonds, to finance the expansion and renovation of its Women’s Hospital building, and to pay costs of issuance.

**Type of Issue:** Negotiated public offering, fixed & variable rate tax-exempt bonds

**Credit Enhancement:** Letter of Credit provided by U.S. Bank National Association

**Expected Credit Rating:** Aa3/AA/AA (Moody’s/S&P/Fitch)

**Financing Team:** Please see Exhibit 2 to identify possible conflicts of interest

**Financial Overview:** ECH’s income statement appears to demonstrate steady growth in total operating revenues over the review period. ECH’s balance sheet highlights a strong financial position with a pro-forma fiscal year (FY) 2024 operating debt service coverage ratio of 8.7x.

<u>Estimated Sources of Funds:</u>		<u>Estimated Uses of Funds:</u>	
Bond proceeds	\$ 275,000,000	Refunding	\$ 167,190,000
		Project fund	105,060,000
		Financing costs	2,750,000
<b>Total Estimated Sources</b>	<u>\$ 275,000,000</u>	<b>Total Estimated Uses</b>	<u>\$ 275,000,000</u>

**Due Diligence:** Staff has confirmed the following documentation provided by ECH satisfies the Authority’s requirements: Eligibility, Legal Review, the California Environmental Quality Act, and the certifications for Pass-Through Savings, Iran Contracting Act, and Community Service Obligation.

**Staff Recommendation:** Staff recommends the Authority approve Resolution No. 463 in an amount not to exceed \$275,000,000 for El Camino Hospital, subject to the terms and conditions in the resolution. TAP International Inc., the Authority’s financial analyst, and KNN Public Finance, LLC, the Authority’s municipal advisor, concur with the Authority’s staff recommendation.

***Disclaimer:** Any information related to the borrower, including any data or analysis related to the borrower’s financial condition or ability to repay the financing, described in this staff report is based on information provided by the borrower and was prepared solely for members of the Authority’s Board and to satisfy certain provisions of the California Health Facilities Financing Authority Act (Gov. Code, §15430 et seq.). Prospective investors should not rely on information in this staff report and must perform their own due diligence to obtain information essential to making an informed investment decision.*

**STAFF SUMMARY, ANALYSIS, AND RECOMMENDATION**

**I. PURPOSE OF FINANCING**

ECH is requesting Authority approval to issue tax-exempt bonds in an amount not to exceed \$275 million to refund existing debt and finance the expansion and renovation of its Women’s Hospital building. The refunding will include the SCCFA Series 2009A bonds and the CHFFA Series 2015A bonds, which ECH expects will result in a net present value savings of approximately \$27.5 million or 23.5% of the par amount used for refunding. In addition to the refunding, a portion of the bond proceeds will be allocated to fund capital improvements at the Women’s Hospital. These improvements aim to enhance patient care, expand capacity, and address outdated facility conditions through the development of new clinical spaces, the expansion of patient care units, and the modernization of the hospital’s infrastructure with the overall purpose of improving operational efficiency and patient outcomes. The current financing will support the final phase of the expansion and renovation project, as construction is already underway and is expected to be completed by November 2025.

**Refunding** ..... **\$167,190,000**

**SCCFA Series 2009A**

Proceeds from the SCCFA Series 2009A bonds were used to fund the construction of a new 550,000 square-foot hospital building at ECH’s Mountain View campus, including 328 inpatient beds, a 36-bed emergency department, and 16 operating suites.

**CHFFA Series 2015A**

Proceeds from the CHFFA Series 2015A bonds were used to finance upgrades and capital projects at ECH’s Los Gatos campus, including renovations to nursing units and patient rooms, improvements to surgical suites and related procedural areas, upgrades to the Imaging and Central Sterile Departments, and the construction of a four-bed Neonatal Intensive Care Unit (NICU) Patient Care Unit.

**Project Fund**..... **105,060,000**

The Women’s Hospital expansion includes the addition of a 26-bed private postpartum unit on the third floor, relocation of the NICU to the second floor and its expansion from 20 beds to 24 beds (19 of which are private rooms), and the addition of a 5-bed antepartum wing and three more labor rooms to expand labor and delivery capacity to a total of 15 rooms. Other upgrades include expanding postpartum room sizes, adding sleep rooms for providers, and improving visitor amenities by creating a new café. The project will increase patient room space, optimize care workflows, and support a 30-40% growth in capacity.

**Financing Costs** ..... **2,750,000**

Cost of Issuance ..... \$1,375,000

Underwriter’s Discount ..... 1,375,000

**TOTAL USES OF FUNDS** ..... **\$275,000,000**

## II. PROPOSED COVENANTS, SECURITY PROVISIONS AND DISCLOSURES:

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

Obligated Group: ECH is the sole member of an obligated group under a Master Trust Indenture dated as of March 1, 2007, as supplemented and amended to date (the "Master Indenture"), pursuant to which the proposed 2025 bonds would be secured. ECH will be the borrower under the loan agreement with CHFFA and will act on behalf of the Obligated Group and any future Designated Affiliates under the Master Trust Indenture. All covenants below are applicable to each Member of the Obligated Group. There are also protective tests limiting Members from being added to or withdrawing from the Obligated Group if the change would result in a significant reduction of the financial strength of the Obligated Group. ECH is expected to include certain amendments to the Master Indenture (the "Master Indenture Amendments"), some of which are described below, expected to be effective with the issuance of the 2025 bonds.

After reviewing ECH's credit profile, including its current financial profile, prior bond transactions, its current primary security document (Master Indenture) for an obligation issued thereunder to support payment on the proposed issue of bonds (the "Obligation"), and considering what the market will support, ECH, KNN Public Finance, LLC (the Authority's financial advisor), and the underwriters have concluded the covenants listed below align with the interests of ECH, the Authority, and the investors and that ECH's current financial situation does not suggest additional covenants should be required.

The following covenants are applicable for this transaction:

**Unconditional Promise to Pay.** *ECH agrees to pay the Bond Trustee<sup>1</sup> all amounts required for principal, interest or redemption premium, if applicable, purchase price, when required, on the Bonds and to pay other payments and expenses designated in the Loan Agreement, including indemnification and expenses, and under the Obligation.*

**Pledge and Assignment.** *All Revenues (which will include payments under the Loan Agreement and the Obligation), each fund and each account established pursuant to the Bond Indenture (except the Rebate Fund and the Bond Purchase Fund), the Loan Agreement (excluding certain rights retained by the Authority as set forth in the Bond Indenture), the Obligation, and all proceeds of the foregoing are pledged to secure the full payment of the bonds. Said pledge shall constitute a lien on and security interest in such assets and shall attach, be perfected and be valid and binding from and after delivery by the Bond Trustee of the Bonds, without any physical delivery thereof or further act.*

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

*Under the Bond Indenture, the Authority will assign to the Bond Trustee, for the benefit of the Holders from time to time of the Bonds, all of the right, title and interest of the Authority in (1) the Loan Agreement (except for (certain rights retained by the Authority as set forth in the Bond Indenture) and (2) the Obligation.*

**Payment of Required Payments.** *Each Obligated Group Member (currently ECH is the only Member of the Obligated Group) jointly and severally covenants to promptly pay, or cause to be paid, all Required Payments at the place, on the dates and in the manner provided in the Master Indenture, or in any Related Supplement or Master Indenture Obligation (including the Obligation). Each Obligated Group Member further covenants to faithfully observe and perform all of the conditions, covenants and requirements of this Master Indenture, any Related Supplement and any Master Indenture Obligation.*

**Maintenance of Properties, Payment of Indebtedness.** *Each Obligated Group Member covenants to maintain its Property, Plant and Equipment in accordance with applicable laws, ordinances, regulations etc. to maintain and operate its Property, Plant and Equipment in reasonably good working condition and to pay and discharge all applicable taxes, assessments etc. which may be assessed or may become Liens upon Property, Plant and Equipment, to pay or otherwise satisfy Indebtedness and to use best efforts to maintain permits licenses and other governmental approvals necessary for the operation of its property.*

**Against Encumbrances.** *Each Obligated Group Member covenants that it will not create, assume or suffer to exist any Lien upon the Property of the Obligated Group, except for Permitted Liens. Each Obligated Group Member further covenants that if such a Lien (other than a Permitted Lien) is created or assumed by any Obligated Group Member, it will make or cause to be made effective a provision whereby all Master Indenture Obligations will be secured prior to any obligation secured by such Lien.*

**Debt Service Coverage Requirement.** *The Master Indenture, as amended by the Master Indenture Amendments, is expected to contain a debt service coverage ratio requirement based on 1.10:1.0 determined by dividing Income Available for Debt Service by Maximum Annual Debt Service; if such ratio is less than 1.10:1.0, the Credit Group Representative is required to hire an Independent Consultant. Additionally, the Master Indenture, as amended by the Master Indenture Amendments, is expected to provide that an Event of Default will exist if the debt service coverage ratio is less than 1.0:1.0 for two consecutive fiscal years and days cash on hand is less than 150 days and the indebtedness ratio is 0.65 or greater as of the end of such second consecutive Fiscal Year.*

**Limitations on Mergers, Sales or Conveyances.** *Each Obligated Group Member covenants not to merge or consolidate with any other entity that is not an Obligated Group Member or sell or convey all or substantially all of its assets to any Person that is not an Obligated Group Member unless authorized by various limiting measures in the Master Indenture.*

**Insurance Required.** *Each Obligated Group Member, respectively, covenants and agrees that it will keep all its property and operations of an insurable nature and of the character usually insured by companies operating similar properties and engaged in similar operations insured in amounts customarily carried, and against loss or damage from such causes as are customarily insured against, by similar companies.*

**Gross Revenue Pledge.** *To secure the payment of required payments under the Master Indenture, each Obligated Group Member pledges and grants a security interest in its Gross Revenues, subject to Permitted Liens.*

**Comply with SEC Rule 15c2-12.** *ECH will agree to comply with and carry out the provisions of a continuing disclosure agreement to assist the underwriters in complying with SEC Rule 15c2-12, under the continuing disclosure agreement ECH will contractually agree to disclose designated financial and operating information to the MSRB web site (EMMA) during the life of the Bonds on an annual/quarterly basis and to report designated “listed 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.**

### III. FINANCIAL ANALYSIS

**El Camino Hospital  
Statements of Operations  
Unrestricted (In Thousands)**

	<b>For the Years Ended June 30,</b>		
	<b>2024</b>	<b>2023</b>	<b>2022</b>
<b>Operating revenues</b>			
Net patient service revenue	\$ 1,424,901	\$ 1,339,219	\$ 1,274,126
Other revenue	46,903	35,136	23,792
Total operating revenues	<u>1,471,804</u>	<u>1,374,355</u>	<u>1,297,918</u>
<b>Operating expenses</b>			
Salaries, wages, and benefits	748,569	703,695	631,451
Professional fees and purchased services	168,996	140,332	131,804
Supplies	199,795	194,374	179,890
Depreciation and amortization	85,491	81,140	71,811
Rent and utilities	22,043	22,549	17,126
Other	35,978	21,481	18,493
Total operating expenses	<u>1,260,872</u>	<u>1,163,571</u>	<u>1,050,575</u>
Income from operations	<u>210,932</u>	<u>210,784</u>	<u>247,343</u>
<b>Nonoperating revenues (expenses)</b>			
Investment income, net	155,021	110,218	(165,782)
Bond interest expense, net	(17,674)	(17,626)	(16,888)
Unrealized gain on interest rate swap	693	1,328	3,049
Community benefit expense	(3,257)	(3,180)	(2,997)
Provider Relief Fund revenue	-	11,301	15,629
Other, net	2,109	970	(7,660)
Total nonoperating revenues (expenses)	<u>136,892</u>	<u>103,011</u>	<u>(174,649)</u>
Excess of revenues over expenses before capital transfers	347,824	313,795	72,694
Capital transfers	(26,675)	(43,090)	(14,159)
Increase in net position	<u>321,149</u>	<u>270,705</u>	<u>58,535</u>
Total net position, beginning of year	<u>2,568,124</u>	<u>2,297,419</u>	<u>2,238,884</u>
Total net position, end of year	<u>\$ 2,889,273</u>	<u>\$ 2,568,124</u>	<u>\$ 2,297,419</u>

**El Camino Hospital  
Balance Sheet  
(In Thousands)**

<b>ASSETS AND DEFERRED OUTFLOWS</b>	<b>As of June 30,</b>		
	<b>2024</b>	<b>2023</b>	<b>2022</b>
Current assets			
Cash and cash equivalents	\$ 173,814	\$ 201,782	\$ 183,588
Short-term investments	112,094	133,033	128,165
Patient accounts receivable, net of allowances for doubtful accounts	203,503	214,246	204,494
Current portion of lease receivables	17,199	12,578	11,117
Prepaid expenses and other current assets	74,507	61,500	55,857
Total current assets	<u>581,117</u>	<u>623,139</u>	<u>583,221</u>
Non-current cash and investments			
Board-designated funds	1,509,295	1,222,598	1,122,664
Funds held by trustee	18	-	-
Total non-current cash and investments	<u>1,509,313</u>	<u>1,222,598</u>	<u>1,122,664</u>
Capital assets			
Nondepreciable	278,851	275,353	196,964
Depreciable, net	1,026,604	952,188	978,012
Total capital assets	<u>1,305,455</u>	<u>1,227,541</u>	<u>1,174,976</u>
Right-of-use assets, net of amortization	8,668	9,939	10,926
Subscription assets, net of amortization	12,436	13,505	-
Lease receivables, net of current portion	46,583	46,153	42,111
Prepaid pension asset	101,925	75,105	137,149
Investments in healthcare affiliates	36,664	33,262	30,376
Total assets	<u>3,602,161</u>	<u>3,251,242</u>	<u>3,101,423</u>
Deferred outflows of resources			
Loss on defeasance of bonds payable	9,959	10,560	11,160
Deferred outflows of resources	11,627	7,638	4,226
Deferred outflows - actuarial	21,340	37,339	792
Total deferred outflows of resources	<u>42,926</u>	<u>55,537</u>	<u>16,178</u>
Total assets and deferred outflows of resources	<u>\$ 3,645,087</u>	<u>\$ 3,306,779</u>	<u>\$ 3,117,601</u>

**(Continued)**

**LIABILITIES, DEFERRED INFLOWS, AND NET POSITION**

Current liabilities			
Accounts payable and accrued expenses	\$ 69,261	\$ 48,192	\$ 52,472
Salaries, wages, and related liabilities	72,605	59,090	79,205
Other current liabilities	14,833	17,194	36,352
Estimated third-party payor settlements	13,419	11,295	14,942
Current portion of operating lease liabilities	981	1,161	1,090
Current portion of subscription liabilities	4,900	3,164	-
Current portion of bonds payable	10,920	10,400	9,905
Total current liabilities	<u>186,919</u>	<u>150,496</u>	<u>193,966</u>
Bonds payable, net of current portion	439,420	452,566	465,512
Operating lease liabilities, net of current portion	8,231	9,212	10,361
Subscription liabilities, net of current portion	8,674	10,926	-
Other long-term obligations	1,585	2,239	6,694
Workers' compensation, net of current portion	12,811	13,498	14,029
Post-retirement medical benefits	22,737	24,242	29,783
Total liabilities	<u>680,377</u>	<u>663,179</u>	<u>720,345</u>
Deferred inflows of resources			
Deferred inflows of resources - leases	63,783	58,731	53,227
Deferred inflows of resources - actuarial	11,654	16,745	46,610
Total deferred inflows of resources	<u>75,437</u>	<u>75,476</u>	<u>99,837</u>
Net position			
Invested in capital assets, net of related debt	853,451	763,556	699,559
Unrestricted	2,035,822	1,804,568	1,597,860
Total net position	<u>2,889,273</u>	<u>2,568,124</u>	<u>2,297,419</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 3,645,087</u>	<u>\$ 3,306,779</u>	<u>\$ 3,117,601</u>

**Financial Ratios:**

	<b>Proforma <sup>(a)</sup></b>			
	<b>FYE June 30, 2024</b>	<b>2024</b>	<b>2023</b>	<b>2022</b>
Debt Service Coverage - Operating (x)	8.7	10.6	10.6	12.1
Debt Service Coverage - Net Income (x)	12.4	15.1	13.4	5.6
Debt to Unrestricted Net Assets (x)	0.3	0.2	0.3	0.3
Margin (%)		14.3	15.3	19.1
Current Ratio (x)		3.1	4.1	3.0

(a) Recalculates FY 2024 audited results to include the impact of this proposed financing.



## **Financial Discussion:**

### **ECH's income statement appears to demonstrate steady growth in total operating revenues over the review period.**

ECH has demonstrated steady growth in operating revenue over the reviewed fiscal period. In FY 2024, total operating revenues increased to approximately \$1.5 billion, up from \$1.4 billion in FY 2023 and \$1.3 billion in FY 2022. According to ECH's management, this increase was primarily due to higher inpatient and outpatient volumes, emergency room and surgical case growth, as well as scheduled rate increases from private payors and annual revenue increases from Medicare and Medi-Cal. Nonoperating revenues have also contributed positively, with investment income rising from approximately negative \$165.8 million in FY 2022 to approximately positive \$155 million in FY 2024. ECH's management stated that this improvement was attributed to a rebound in equity markets following the downturn in 2022 related to the COVID-19 pandemic, leading to a stronger investment income in 2023 and 2024.

Total operating expenses grew at a slightly quicker rate than operating revenues, from approximately \$1.1 billion in FY 2022 to approximately \$1.3 billion in FY 2024, leading to operating margins from roughly 19.1% in FY 2022 to 14.3% in FY 2024. One of the primary drivers behind the increase in operating expenses was the result of higher salaries, wages, and benefits, which rose from approximately \$631.5 million in FY 2022 to approximately \$748.6 million in FY 2024. ECH's management mentioned that this increase was due to the hiring of additional staff needed to support increased patient volumes and the funding of new union contracts. Professional fees and services displayed one of the more drastic increases over the fiscal period, roughly 28.2%, rising from approximately \$131.8 million in FY 2022 to approximately \$169 million in FY 2024. Despite these rising operating expenses, ECH achieved an increase in total net position of \$321.1 million in FY 2024, reinforcing its ability to sustain operations and invest in future growth.

### **ECH's balance sheet highlights a solid financial position with a pro-forma FY 2024 operating debt service coverage ratio of 8.7x.**

ECH's total assets have grown to more than \$3.6 billion in FY 2024, reflecting a sizeable increase from approximately \$3.1 billion in FY 2022. This growth is largely due to higher non-current cash and investments, with board-designated funds increasing from approximately \$1.1 billion in FY 2022 to approximately \$1.5 billion in FY 2024. This increase was primarily driven by stable financial performance and strong returns on the hospital's investment portfolio, as stated by ECH's management. In parallel, total liabilities exhibited a decline over the fiscal period from approximately \$720.3 million in FY 2022 to approximately \$663.2 million in FY 2023, then increasing slightly to approximately \$680.4 million in FY 2024. As a result, ECH maintains a strong total net position, increasing from approximately \$2.3 billion in FY 2022 to approximately \$2.9 billion in FY 2024, signaling both financial stability and growth.

ECH's operating debt service coverage ratio (DSCR) has remained strong throughout the fiscal period. The operating DSCR decreased only slightly from 12.1x in FY 2022 to 10.6x in both FY 2023 and FY 2024, reflecting ECH's continued strong ability to meet its debt obligations. The debt-to-unrestricted net assets ratio has also remained steady at 0.3x in FY 2022 and FY 2023 and further declined to 0.2x in FY 2024, indicating stable financial leverage relative to available resources. With the proposed issuance of up to \$275 million in revenue bonds, ECH's pro-forma FY 2024 operating DSCR stands at 8.7x, further reinforcing its ability to meet debt obligations. ECH's pro-forma FY 2024 debt-to-unrestricted net assets ratio stands at 0.3x, suggesting that the hospital's debt level remains well within manageable levels and does not impair its ability to meet financial obligations.

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**IV. DUE DILIGENCE:**

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

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

<https://www.elcaminohealth.org/community/community-benefit>

- **Compliance with Government Code section 15455(b) (California Environmental Quality Act (Pub. Resources Code, § 21000 et seq.)):** ECH properly submitted relevant documentation addressing the California Environmental Quality Act.
- **Legal Review:** ECH properly completed and submitted relevant documentation for the Authority’s Legal Status Questionnaire.
- **Iran Contracting Act Certificate:** The underwriters properly completed and submitted the Iran Contracting Act Certificate.

**V. OUTSTANDING DEBT (\$000s):**

<u>Date Issued</u>	<u>Original Amount</u>	<u>Amount Outstanding as of June 30, 2024</u>	<u>Estimated Amount Outstanding after Proposed Financing</u>
<b>EXISTING LONG-TERM DEBT</b>			
SCCFA Series 2009A	\$ 50,000	\$ 50,000	\$ -
CHFFA Series 2015A	160,455	122,155	-
CHFFA Series 2017	292,435	266,655	266,655
<b>PROPOSED NEW DEBT</b>			
CHFFA Series 2025			275,000
<b>TOTAL DEBT</b>		<b>\$ 438,810</b>	<b>\$ 541,655</b>

**VI. UTILIZATION STATISTICS:**

	<u>As of June 30,</u>		
	<u>2024</u>	<u>2023</u>	<u>2022</u>
Licensed beds	466	454	454
Discharges	22,356	22,045	21,371
Births	4,642	4,844	5,093
Patient days	112,711	111,597	100,611
Occupancy % licensed beds	66%	67%	61%
Average daily census	308	306	276
Average length of stay (days)	5.0	5.1	4.7
Inpatient surgical procedures	3,447	3,426	3,493
Outpatient surgical procedures	10,594	10,336	9,888
Emergency room visits	82,340	77,844	68,778
Total outpatient visits	269,463	262,339	270,514

## **VII. BACKGROUND AND LICENSURE:**

### **Background:**

ECH is a California nonprofit public healthcare organization of which the El Camino Healthcare District (the “District”) is the sole member, serving communities across Santa Clara County. Originally established in 1961 as El Camino Hospital, ECH has expanded to include two acute care campuses in Mountain View and Los Gatos, offering a wide range of clinical and surgical services, such as behavioral health, cancer treatment, emergency services, diagnostic radiology, pediatrics, and dialysis. ECH serves a diverse population, with its primary service areas encompassing Mountain View, Los Altos, Sunnyvale, Cupertino, and surrounding communities. Governed by a ten-member board of directors, which includes members of the El Camino Healthcare District, ECH operates as a community-based health system focused on meeting the evolving needs of its patients.

In addition to hospital services, ECH has expanded its services through various affiliated entities. The El Camino Health Foundation, established in 1982, serves as its primary fundraising organization, supporting hospital programs and community health initiatives. With the purpose of further extending its healthcare services, ECH entered a joint venture with Dignity Health, through which it provides home health and hospice care under the Pathways brand. Additionally, ECH established El Camino Health Medical Network, LLC in 2008 to enhance collaboration between independent physicians and the health system, ensuring better coordination of outpatient and specialty care. In October 2021, ECH and Lifepoint Health formed a joint venture to operate a new 52-bed acute rehabilitation hospital in Sunnyvale. Lifepoint Health is a national company, which owns and manages acute rehabilitation units and hospitals. Groundbreaking on the new acute rehabilitation hospital occurred in April 2025 with construction scheduled to be completed by November 2026 and open and operational in January 2027.

### **Licensure and Accreditation:**

ECH is licensed by the State of California Department of Health Services for up to 328 beds at its Mountain View campus and 143 beds at its Los Gatos campus and is fully accredited by the Joint Commission on Accreditation of Healthcare Organizations. ECH is certified for Medicare and Medicaid reimbursement.

## **VIII. STAFF RECOMMENDATION:**

Staff recommends the Authority approve Resolution No. 463 in an amount not to exceed \$275,000,000 for El Camino Hospital, subject to the terms and 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.

**EXHIBIT 1**  
**PROJECT SITES**

- 2500 Grant Road, Mountain View, CA 94040
- 2485 Hospital Drive, Mountain View, CA 94040
- 815 Pollard Road, Los Gatos, CA 95032
- 355 Dardanelli Lane, Los Gatos, CA 95032

## EXHIBIT 2

### Financing Team

Borrower: El Camino Hospital

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: Norton Rose Fulbright US LLP

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

Bond Counsel: Orrick, Herrington & Sutcliffe LLP

Underwriters: RBC Capital Markets, LLC  
Jefferies LLC

Underwriters' Counsel: Chapman and Cutler LLP

Trustee & Master Trustee: Computershare Trust Company,  
National Association

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

Letter of Credit Provider: U.S. Bank National Association

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

Auditor: Moss Adams LLP

## **RESOLUTION NO. 463**

### **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 EL CAMINO HOSPITAL**

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, El Camino Hospital (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, (i) the Authority has previously issued the California Health Facilities Financing Authority Revenue Bonds (El Camino Hospital) Series 2015A (the “Prior 2015A Bonds”), in the original aggregate principal amount of \$160,455,000, of which \$117,290,000 is currently outstanding, and loaned the proceeds thereof to the Corporation, and (ii) the Santa Clara County Financing Authority has previously issued the Santa Clara County Financing Authority Variable Rate Revenue Bonds (El Camino Hospital) Series 2009A (the “Prior 2009A Bonds” and together with the Prior 2015A Bonds, the “Prior Bonds”), in the original aggregate principal amount of \$50,000,000, of which \$49,900,000 is currently outstanding, and loaned the proceeds thereof to the Corporation, such proceeds of the Prior Bonds having been used to finance and/or refinance the acquisition, construction, expansion, remodeling, renovation, furnishing and/or equipping of certain health facilities of the Corporation, as more particularly described under the caption “DESCRIPTION OF THE PROJECT - 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 \$275,000,000 and make one or more loans of the proceeds thereof to the Corporation, for any or all of the following purposes: (i) to finance (including by reimbursing payment of certain costs of) and/or refinance the acquisition, construction, expansion, remodeling, renovation, furnishing and/or equipping of certain health facilities of the Corporation, as more particularly described under the caption “DESCRIPTION OF THE PROJECT - New Project” in Exhibit A hereto (the “New Project” and together with the “Prior Project,” the “Project”), (ii) refund the Prior Bonds, and (iii) at the option of the Corporation, pay certain costs of issuance related to 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 the 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 (El Camino Hospital), Series 2025” (the “Bonds”), in a total aggregate principal amount not to exceed \$275,000,000, 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 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 shall, at issuance, be rated at investment grade by an active nationally recognized rating agency. The Bonds or any series of them may, at the sole option of the Corporation, be secured by deeds of trust, a reserve fund, bond insurance, credit facilities and other security arrangements and/or supported by one or more liquidity facilities.

SECTION 3. The proposed forms of the following documents:

(i) One or more Loan Agreements relating to the Bonds (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 Computershare Trust Company, National Association, as bond trustee (the “Bond Trustee”),

(iii) One or more Bond Purchase Agreements, including the exhibits thereto, relating to the Bonds (collectively, the “Purchase Contracts”), each among RBC Capital Markets, LLC and/or Jefferies LLC, on behalf of itself and any other underwriters named in the respective Purchase Contracts as finally executed (the “Underwriters”), the Treasurer and the Authority, and approved by the Corporation, and

(iv) One or more preliminary official statements relating to the Bonds (the “Preliminary Official Statements”),

are hereby approved in substantially the forms on file with the Authority prior to this meeting, with such insertions, deletions or changes therein (including, without limitation, insertions, deletions or changes therein appropriate to reflect provisions relating to a deed of trust, a bond



reserve fund, bond insurance, any credit and/or liquidity facility and/or another security arrangement, at the sole option of the Corporation, for any series of the Bonds) as the officer executing the same may require or approve, such approval to be conclusively evidenced by execution and delivery thereof in the case of the Loan Agreements, the Bond Indentures and the Purchase Contracts and by delivery thereof in the case of the Preliminary Official Statements. The Executive Director or Deputy Executive Director shall seek the advice of bond counsel and counsel to the Authority with respect to any such insertions, deletions or changes therein.

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

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

SECTION 6. The Underwriters are hereby authorized to distribute the Preliminary Official Statements for the related series of 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 Underwriters (in consultation with the Corporation), a preliminary official statement may not be used with respect to any series of the Bonds. The Underwriters are 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 Underwriters 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 Underwriters, 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, Purchase Contracts and 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, if applicable.

SECTION 9. The provisions of the Authority's Resolution No. 2023-06, or a superseding resolution subsequently adopted by the Authority, apply to the documents and actions approved in this Resolution.

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

SECTION 11. This Resolution shall take effect from and after the date of adoption.

Date of Adoption: \_\_\_\_\_

## **EXHIBIT A**

### **DESCRIPTION OF THE PROJECT**

#### **Prior Project**

The “Prior Project” consists of the reimbursement, financing and/or refinancing of costs of the construction, expansion, remodeling, renovation, furnishing, equipping and acquisition of health facilities of the Corporation, located generally at (i) 2500 Grant Road, Mountain View, California, (ii) 815 Pollard Road, Los Gatos, California, and (iii) 355 Dardanelli Lane, Los Gatos, California.

#### **New Project**

The “New Project” consists of the reimbursement, financing and/or refinancing of costs of the construction, expansion, remodeling, renovation, furnishing, equipping and acquisition of health facilities of the Corporation, located generally at 2485 Hospital Dr, Mountain View, California.