

**CALIFORNIA INFRASTRUCTURE AND ECONOMIC DEVELOPMENT BANK (IBank)  
CONDUIT 501 (c)(3) REVENUE BOND FINANCING**

**STAFF REPORT**

**EXECUTIVE SUMMARY**

<b>Applicant:</b>	Whittier Sustainable Energy Partners LLC ("Whittier" or "Borrower")	<b>Par Amount Requested:</b> Not to exceed \$225,000,000
<b>Applicant Description:</b>	Whittier Sustainable Energy Partners LLC, an Arizona LLC, the sole member of which is Community Finance Corporation, an Arizona nonprofit corporation and an organization described in Section 501(c)(3) of the Internal Revenue Code. PIH Health will enter into a Concession Agreement with the Borrower, for an exclusive 30-year concession, so that the Borrower can make improvements and optimizations, supply PIH Health and its Affiliates with Thermal Energy to operate the Concession Campuses and provide Operation and Maintenance Services.	
<b>Type of Financing:</b>	Conduit Tax-Exempt and/or Taxable Fixed Rate Revenue Bonds (PIH Health Energy Projects) Series 2024 ("Bonds")	
<b>Project Description:</b>	The proceeds of the Bonds will be used to (1) pay or reimburse the costs of the acquisition, development, construction, improvement and equipping of certain energy related improvements, including but not limited to, upgrading and replacing central utility plant assets, installing solar arrays, replacing air handling units, upgrading building automation systems, implementing battery storage solutions, and making other infrastructure improvements at certain hospitals and related facilities owned and operated by PIH Health Inc., and/or certain affiliates of PIH Health Inc., or the Borrower located throughout California (the "Energy Assets"); (2) fund a portion of the interest payable on the Bonds; and (3) pay or reimburse certain costs in connection with the issuance of the Bonds (collectively, the "Project") .	
<b>Potential Project Sites:</b>	<u><b>Los Angeles County</b></u>  12401 Washington Blvd, Whittier, CA 90602 1225 Wilshire Blvd, Los Angeles, CA 90017 11500 Brookshire Ave, Downey, CA 90241	
<b>Plan of Finance:</b>	IBank will lend the proceeds of the Bonds to the Borrower to finance the costs of the Project.	
<b>Type of Issue:</b>	Limited Public Offering	
<b>Tax Status:</b>	Tax-Exempt and/or Taxable	
<b>Term:</b>	Up to 40 years	
<b>Credit Enhancement:</b>	None	
<b>Credit Rating:</b>	Expected S&P Global Rating: A-	
<b>IBank Fees<sup>1</sup>:</b>	Application Fee \$5,000; Issuance Fee \$101,250; Initial Annual Fee \$21,250	
<b>STO Fee:</b>	Agent For Sale \$10,500	

<sup>1</sup> Issuance Fee and Initial Annual Fee are subject to change. Final Fees will be based on the par amount at Closing.

<b>Estimated Sources of Funds:</b>		<b>Estimated Uses of Funds:</b>	
Tax-exempt Bonds Proceeds:	\$152,070,000.00	Infrastructure Upgrade: (Tax-exempt)	\$149,186,160.06
Taxable Bond Proceeds:	\$45,370,000.00	Infrastructure Upgrade: (Taxable)	\$15,000,000
Premium:(Tax-exempt):	\$2,950,078.70	Cash Balance: (Taxable)	\$25,000,000.00
		Capitalized Interest Fund: (Tax-exempt)	\$2,764,605.37
		Capitalized Interest Fund (Taxable)	\$824,818.48
		Costs of Issuance: (Tax-exempt)	\$3,072,313.27
		Costs of Issuance: (Taxable)	\$4,545,181.52
<b>TOTAL SOURCES:</b>	<b>\$200,390,078.70</b>	<b>TOTAL USES:</b>	<b>\$200,390,078.70</b>
<b>Financing Team:</b>			
<b>Bond Counsel:</b>	Foley & Lardner LLP		
<b>Underwriter:</b>	RBC Capital Markets, LLC,		
<b>Underwriter Counsel:</b>	Norton Rose Fullbright US LLP		
<b>P3 Advisor:</b>	Fifth Third Securities, Inc.		
<b>Operator Counsel:</b>	Chapman Cutler		
<b>Trustee:</b>	U.S. Bank Trust Company, National Association		
<b>Public Benefits:</b>	<p>PIH Health operates an integrated health care system that includes three acute care hospitals, an independent physician association of 273 full time physicians and midlevel providers, covering 26 different medical specialties and practicing across 31 physical locations and 95 practice sites. The System also operates urgent care centers, home health services, inpatient hospice facilities and outpatient hospice services.</p> <p>Financing certain energy infrastructure improvements at certain hospitals will support PIH Health in providing the capacity to continue providing healthcare services to their surrounding communities.</p> <p>The Project is expected to create approximately 540 construction jobs and 2 full-time permanent jobs to support the completion of the Project.</p>		
<b>Date of Board Meeting:</b> November 20, 2024	<b>Resolution Number:</b> 24-19	<b>Prepared by:</b> Dalibor Zivkovic	
<b>Staff Recommendation:</b> Staff recommends approval of Resolution No. 24-19 authorizing the issuance of Conduit Tax-Exempt and/or Taxable Fixed Rate Revenue Bonds, in an aggregate amount not to exceed \$225,000,000, for the benefit of Whittier Sustainable Energy Partners LLC.			

### **Whittier Sustainable Energy Partners LLC**

The Borrower is Whittier Sustainable Energy Partners LLC, the sole member of which is Community Finance Corporation, an Arizona nonprofit corporation and an organization described in Section 501(c)(3) of the Internal Revenue Code. Whittier is an Arizona limited liability company that was specially created for this transaction. The specific projects being financed are located at PIH Health, Inc. (“PIH Health”) healthcare facilities.

PIH Health is not the borrower and is not obligated on the debt.

### **Community Finance Corporation**

Community Finance Corporation (“CFC”) is governed by a Board of Trustees which at a minimum consists of the four (4) officers of the CFC, including the President, the Vice President, Secretary and Treasurer, plus one (1) other director-at-large elected from the membership of the CFC. The Board of Trustees currently has five (5) members.

CFC is an Arizona based nonprofit, non-stock corporation, which exists for the purpose of lessening the burdens of government and nonprofit organizations and to establish, finance the establishment of, or maintain public buildings, monuments or works. CFC works on behalf of governmental entities and nonprofit organizations to assist in designing a solution that meets its needs; services can include design, build, finance, operation and/or maintenance of governmental or nonprofit facilities. Their process ensures the best possible solution for the least cost and burden.

CFC has completed over \$2.0 billion in projects, which are located throughout the western and southwestern United States.

### **PIH Health, Inc.**

PIH Health was incorporated in 1981 and at the time included only PIH Health Whittier Hospital (“PHWH”), formerly known as Presbyterian Intercommunity Hospital. This hospital was incorporated in 1954 and began providing health care services in 1959 in the Los Angeles, Orange County and San Gabriel communities. As of March 31, 2024, it was licensed to operate a 523-bed acute care hospital.

PHDH (formerly known as Downey Community Hospital) was incorporated in 1956 and has provided health care services in the Downey and surrounding communities since 1920. As of March 31, 2024, it was licensed to operate a 199-bed acute care hospital. PIH Health became the sole corporate member of PHDH in 2013. PHDH joined the Obligated Group in 2014.

PHGSH (formerly known as Good Samaritan Hospital) was incorporated in 1885 and provides health care services in the Los Angeles community. On December 23, 2019, PIH Health became the sole corporate member of PHGSH pursuant to a member substitution transaction. As of March 31, 2024, PHGSH was licensed to operate a 408-bed acute care hospital. PHGSH is a community-focused medical center providing a wide range of tertiary and quaternary healthcare services. PHGSH, together with PHWH and PHDH, are referred to herein as the “Hospitals”.

PHMC (formerly known as IHC Management Corp.) was incorporated in 1985 and provides management support and certain financial services to PIH Health, PHWH, PHDH, PHGSH and the other Affiliates.

PIH Health is the parent organization of various affiliates (collectively, the “System”), including PHWH, PHDH, PHGSH and PHMC, each of which is a California nonprofit public benefit corporation, organized as tax-exempt organizations under Section 501(c)(3) of the Internal Revenue Code, as amended (the “Code”). PIH Health is the sole corporate member, sole shareholder, or attorney-in-fact, as applicable, of certain other affiliated nonprofit and for-profit corporations of PHWH, PHDH, PHGSH and PHMC. PIH Health provides centralized management services to its affiliates (collectively, the “Affiliates”) and owns certain of the real property used by the Affiliates.

The System operates an integrated health care system that includes the three acute care hospitals, located in Whittier, Downey and Los Angeles, California, with a total of 1,130 licensed beds as of March 31, 2024, 543 of which were staffed as of March 31, 2024, and PIH Health Physicians (“PHP”), a California nonprofit public benefit corporation and a California Health and Safety Code 1206(l) medical foundation with a wrap-around independent physician association (the “IPA”) that includes 273 full time physicians and midlevel providers as of March 31, 2024, covering 26 different medical specialties and practicing across 31 physical locations and 95 practice sites. PHP also has 97,468 managed care lives, including approximately 17,787 full risk Medicare members as of March 31, 2024. The System also operates urgent care centers, home health services, inpatient hospice facilities and outpatient hospice services. The System runs one of the largest home health agencies in Los Angeles County, extending from West Los Angeles to San Bernardino to the east and North Orange County to the south. The System’s primary service area includes the Los Angeles County cities of Bell Gardens, Bellflower, Downey, Hacienda Heights, Huntington Park, La Habra, La Habra Heights, La Mirada, Lynwood, Montebello, Norwalk, Paramount, Pico Rivera, Santa Fe Springs, South Gate, Whittier and portions of the city of Los Angeles. The System’s integrated delivery system incorporates quality standards across all major service lines.

The Borrower is listed in Good Standing with the Arizona Corporation Commission as of November 7, 2024.

Current leadership is listed in Appendix A.

## PROJECT DESCRIPTION

The Borrower is requesting that IBank issue conduit tax-exempt and/or taxable fixed rate revenue bonds to pay or reimburse the costs of the acquisition, development, construction, improvement and equipping of certain energy related improvements, including but not limited to, upgrading and replacing central utility plant assets, installing solar arrays, replacing air handling units, upgrading building automation systems, implementing battery storage solutions, and making other infrastructure improvements at certain hospitals and related facilities owned and operated by PIH Health, or certain of its affiliates, including PIH Health Whittier Hospital, PIH Health Downey Hospital and PIH Health Good Samaritan Hospital, each a California nonprofit public benefit corporation.

The Borrower, PIH Health and Bernhard MCC, LLC, a Delaware Limited Liability company (“BMCC”) will enter into Material Contracts in connection with the Project. PIH Health, EaaS Corp, Inc. (“ESC”) (a Delaware limited liability company, which is the sole member of Bernhard,

LLC) and BMCC entered into the Design-Build Agreement pursuant to which BMCC will complete all of the Energy Asset Improvements at the Concession Campuses. BMCC will be responsible for performing all of the Operation and Maintenance Services with regards to the Energy Assets and provide the Thermal Services (cooling, steam and conditioning services) to the Concession Campuses in accordance with the Thermal Services Agreement.

The PIH Health and the Borrower will enter into a Concession Agreement dated as of the Closing Date (the “Concession Agreement”) whereby PIH Health is expected to grant to the Borrower an exclusive 30-year concession, and has agreed to cause its Affiliates to grant leases of and easements with respect to the Energy Assets as provided therein so that the Borrower can make improvements and optimizations, supply PIH Health and its Affiliates with Thermal Energy to operate the Concession Campuses and provide Operation and Maintenance Services to the Energy Assets so that the Borrower can undertake the obligations and avail itself of the benefits set forth in the Contract Documents.

PIH, the Borrower, BMCC and the Collateral Agent, which governs the relationship among the parties relating to notices and cure periods under the financing, loan, security, and collateral agreements entered into the Direct Agreement, in connection with the Series 2024 Bonds.

The estimated costs of the Concession Campuses, and location have been listed on the **Table I**.

**Table I – Estimated Costs of the Concession Campuses**

Facility Name	Address	City	County	Estimated Project Cost
PIH Whittier Campus	12401 Washington Blvd	Whittier	Los Angeles	\$56,897,000
PIH Good Samaritan Campus	1225 Wilshire Blvd	Los Angeles	Los Angeles	\$67,844,000
PIH Downey Campus	11500 Brookshire Ave	Downey	Los Angeles	\$27,192,000
<b>Total Estimated Project Costs:</b>				<b>\$151,933,000</b>

## FINANCING STRUCTURE

### **IBank Term Sheet**

Whittier Sustainable Energy Partners LLC

Board Meeting Date: 11/20/2024

<b>Par Amount:</b>	Not to exceed \$225,000,000 in one or more tax-exempt and/or taxable series
<b>Type of Offering:</b>	Limited Public Offering
<b>Underwriter:</b>	RBC Capital Markets
<b>Credit Enhancement:</b>	None Expected
<b>Expected Credit Rating:</b>	S&P: A-
<b>Interest Rate*:</b>	Two series of the Bonds are expected, and each series is expected to bear interest at fixed rates.
<b>Maturity*:</b>	Not to exceed 40 years from the date of issuance
<b>Expected Closing Date*:</b>	On or Prior to December 31, 2024
<b>Conduit Transaction:</b>	The Bonds are special, limited obligations payable solely from payments made by the Borrower under the Transaction Documents, and IBank shall not be directly or indirectly or contingently or morally obligated to use any other moneys or assets of IBank for all or any portion of payment to be made pursuant to the Bonds.

\*Please note that Interest Rate, Maturity, and Expected Closing Date are subject to change.

## **Financing Structure**

The Bonds are being issued pursuant to an Indenture of Trust. The Bonds will be sold pursuant to a Bond Purchase Agreement to RBC Capital Markets. The Bonds will be secured by and payable from payments made by the Borrower under the Loan Agreement.

The Bonds will be issued as fully registered Bonds in authorized denominations of \$100,000 and any integral multiples of \$5,000 in excess thereof. The Bonds will be registered in the name of Cede & Co., as nominee for The Depository Trust Company of New York (“DTC”). The Bonds are being offered to, and may only be purchased by an accredited investor (“AI”), as defined in Rule 501 of Regulation D under the Securities Act of 1933, as amended, and a qualified institutional buyer (“QIB”), as defined in Rule 144A under the Securities Act.

The Bonds will be issued at a fixed rate and are expected to be designated as (PIH Health Energy Projects), Series 2024A (Tax-Exempt) ) and Series 2024B (Taxable). The Series 2024A Bonds will be subject to redemption prior to their stated maturity at redemption price equal to the principal amount, plus accrued interest, without premium. The Series 2024B Bonds will be subject to redemption prior to maturity at the Make-Whole Redemption Price applicable to these Taxable Bonds, together with the accrued interest or at a redemption price equal to the principal, together with the accrued interest. The Borrower will select the Series 2024B appropriate optional redemption based on the to be determined specific dates.

The Bonds will be secured by the Trust Estate pursuant to the Indenture, and secured by the Collateral pursuant to the Collateral Security Agreement. The Borrower’s payment obligations under the Bonds’ Loan Agreement constitute Secured Obligations. The Secured Obligations, including direct and unconditional obligations, will be secured primarily by certain Collateral held by the Collateral Agent, U.S. Bank, National Association. The Collateral will include but will not be not limited to (i) all right, title and interest of the Borrower in and to its interest in the Energy Assets, (ii) all right, title and interest of the Borrower in and to each of the Material Contracts to which it is a party, including the right to receive Project Revenues and the Termination Fee, and (iii) all right, title and interest of the Borrower in substantially all of its personal property and in the Accounts established under the Collateral Security Agreement, but shall not include the Loan Agreement and the funds and accounts held under the Indenture, which documents, funds and accounts are pledged to the Trustee. The Accounts referred to in item (iii), include the Construction Account, the Revenue Account, the Debt Service Account, the Termination Fee Account, the Distribution Account and the Collateral Proceeds Account and each constitute a “deposit account” as defined in the UCC. If any Account held under the Collateral Security Agreement is not considered a “deposit account” will be considered as a “securities account” as defined in the UCC.

No reserve fund will be established in connection with the issuance of the Bonds.

## **Limited Obligations of IBank**

The Bonds are payable solely from and secured solely by the pledge of the Borrower’s payments under the transaction documents. IBank; any of the members of its Board of Directors; any of its officers or employees; and any person executing the transaction documents on behalf of IBank shall not be personally liable for the Bonds or subject to any personal liability or accountability by reason of the execution thereof. The Bonds are limited obligations of IBank and are not a pledge of the faith and credit of IBank or the State of California or any of its political subdivisions.

## PUBLIC BENEFITS

PIH Health operates an integrated health care system that includes three acute care hospitals, an independent physician association of 273 full time physicians and midlevel providers, covering 26 different medical specialties and practicing across 31 physical locations and 95 practice sites. The System also operates urgent care centers, home health services, inpatient hospice facilities and outpatient hospice services.

The specific projects being financed allow the Borrower to support PIH Health, as these projects will be at PIH Health’s healthcare facilities. These projects will provide the capacity for PIH to continue providing healthcare services to their communities. The completion of the project will provide the necessary energy related improvements to existing and new facilities, so PIH can continue and expand their operations.

The Project is expected to create approximately 540 construction jobs and 2 full-time permanent jobs to support the completion of the Project.

## OTHER PROJECT DATA

<b>PERMITS AND APPROVAL</b>	
Required?	<input checked="" type="checkbox"/> <b>NO</b> <input type="checkbox"/> <b>YES, Describe:</b>
<b>TEFRA</b>	
Date of TEFRA Publication:	November 12, 2024
Publications:	<a href="https://ibank.ca.gov/board/notices-of-public-hearing/">https://ibank.ca.gov/board/notices-of-public-hearing/</a>
Date of TEFRA Hearing:	November 19, 2024
Oral/Written Comments:	<input checked="" type="checkbox"/> <b>NO</b> <input type="checkbox"/> <b>YES, Explain:</b>
<b>ELIGIBILITY REVIEW</b>	
Applicant meets all of the IBank eligibility criteria? <input checked="" type="checkbox"/> <b>YES</b> <input type="checkbox"/> <b>NO</b>	<ol style="list-style-type: none"> <li>1. Project is in the State of California.</li> <li>2. The Borrower is capable of meeting the obligations incurred under relevant agreements.</li> <li>3. Payments to be made by the Borrower to IBank under the proposed financing agreements are adequate to pay the current expenses of the IBank in connection with the financing and to make all the scheduled payments.</li> <li>4. The proposed financing is appropriate for the Project.</li> </ol>
<b>INDUCEMENT CERTIFICATE</b>	
Completed?	<input type="checkbox"/> <b>NO</b> <input type="checkbox"/> <b>YES</b> Certificate No.: <input checked="" type="checkbox"/> <b>N/A</b> Date:

## RECOMMENDATION

Staff recommends approval of Resolution No. 24-19 authorizing the issuance of Conduit Tax-Exempt and/or Taxable Fixed Rate Revenue Bonds, in an aggregate amount not to exceed \$225,000,000, for the benefit of Whittier Sustainable Energy Partners LLC.



**APPENDIX A: GOVERNANCE AND MANAGEMENT**

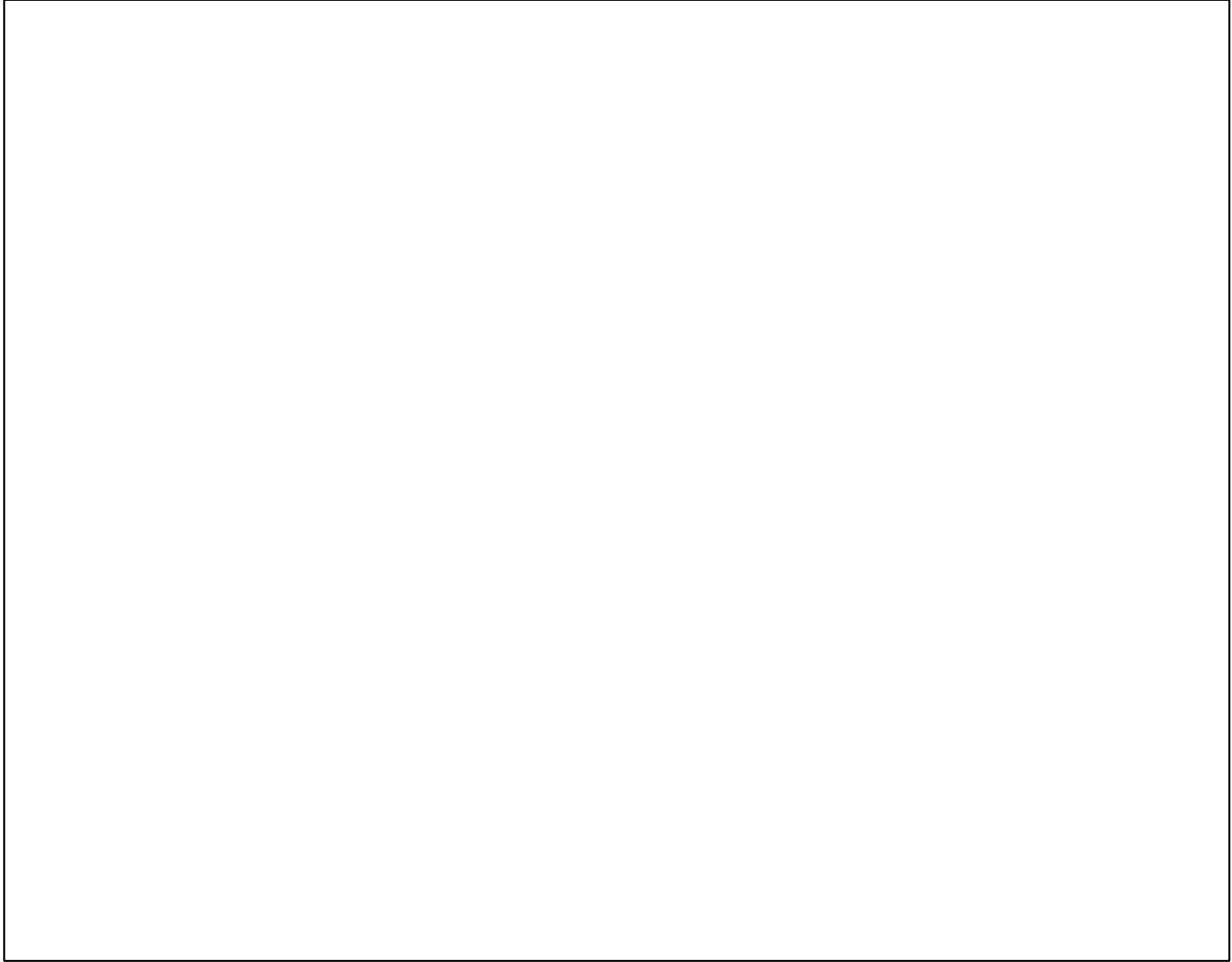
**BOARD OF DIRECTORS**

Michael Hammond, Board Chair	Founder Cushman & Wakefield   PICOR Commercial Real Estate Services Tucson, AZ
Kathleen Perkins, Vice Chairman	External Advisor EU, Photonics Tucson, AZ
Kendall Bert, Secretary	Regional Competitiveness (Retired) Tucson Regional Economic Opportunities Tucson, AZ
Michael Arnold, Treasurer	Director, Engineering Management Programs (Retired) University of Arizona Tucson, AZ
Ken Abrahams, Member, Trustee	Chairman NexMetro Communities Tucson, AZ

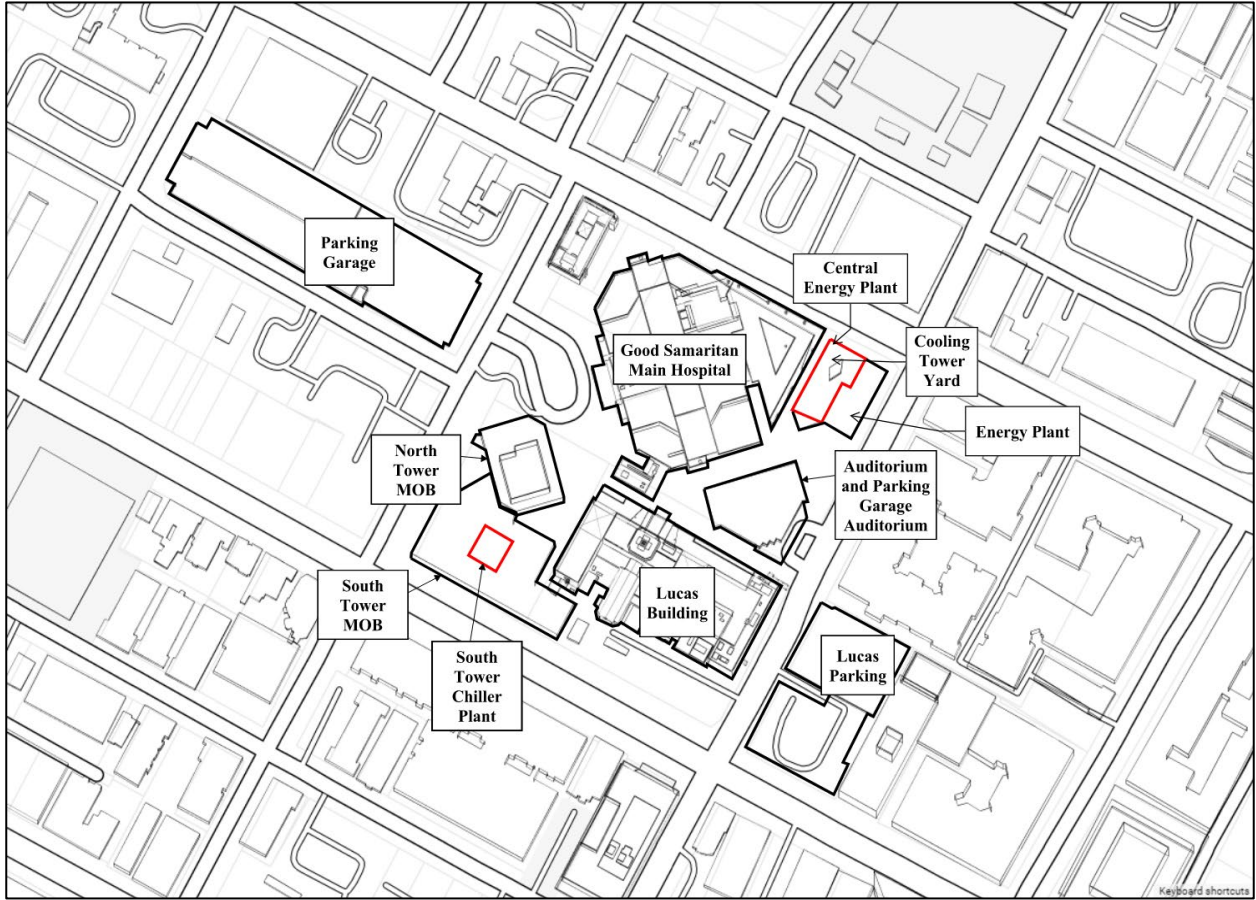
**OFFICERS**

Gary Molenda	CFC Designated Representative Community Finance Corporation
James West	Chief Executive Officer PIH Health
Vid Shivaraman	Chief Financial Officer PIH Health
Peggy Chulack	Chief Administrative Officer PIH Health
Rosalio Lopez, MD	Senior Vice President, Chief Medical Officer, & Chief Strategy Officer PIH Health

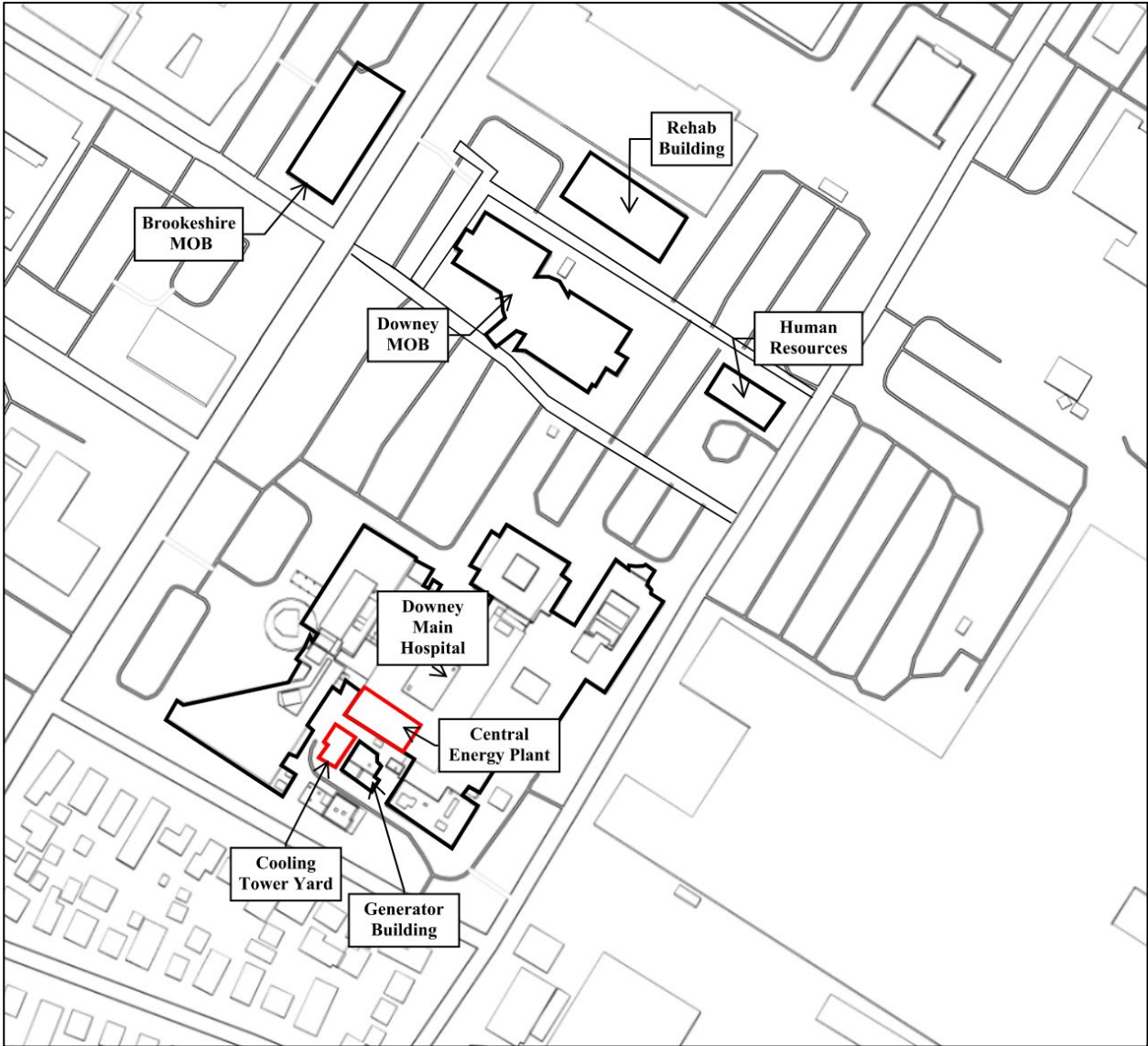
**APPENDIX B: PROJECT PHOTOS**



**Site Plan – Whittier Hospital**



**Site Plan – Good Samaritan Hospital**



**Site Plan – Downey Hospital**