CHFFA REVENUE BOND FINANCING PROGRAM
EXECUTIVE SUMMARY

Applicant:	Dignity Health ("DH") 185 Berry Street, Suite 300 San Francisco, CA 94107 San Francisco County (Corporate Headquarter)	**Amount Requested:** **Requested Loan Term:** **Authority Meeting Date:** **Resolution Number:**	$330,000,000 Up to 15 years Sept. 25, 2014 398

Project Sites: Various
Facility Type: General acute/sub-acute and outpatient care, acute psychiatric, chemical dependency rehabilitation, outpatient surgery, and skilled nursing services
Prior Borrower: Yes (date of last CHFFA issue, 2012)
Obligated Group: See Exhibit 5

Background: Founded in 1986 and headquartered in San Francisco, California, DH is a nonprofit public benefit corporation formerly known as Catholic Healthcare West. DH together with its subsidiary corporations comprises the Dignity Health System ("DH System"). The DH System operates 39 acute care hospitals throughout California, Arizona and Nevada. In FY 2013, DH operated 8,437 licensed acute beds and had approximately 370,263 acute patient admissions for a total of 1,567,764 acute patient days. (See Exhibit 2 for utilization statistics and Exhibit 4 for additional background, governance, and licensing information).

Use of Proceeds: DH will use bond proceeds to current and advance refund all or a portion of several prior outstanding bond series and to refinance a taxable line of credit, the proceeds of which were used to refinance certain prior bond series. Net present value savings are expected to be approximately $19.2 million.

Type of Issue: Private placement fixed rate bonds (expected minimum denominations of $100,000 or any increment of $1,000 in excess thereof).
Expected Credit Ratings: A3/A; Moody's/S&P
Financing Team: *Please see Exhibit 1 to identify possible conflicts of interest*

Financial Overview: DH's income statement appears to exhibit positive operating results with solid growth in operating revenue and unrestricted net assets. DH appears to have a strong financial position with a strong operating debt service coverage ratio.

Estimated Sources of Funds:			**Estimated Uses of Funds:**		
Bond proceeds	$	330,000,000	Refunding	$	331,310,000
Debt Service Reserve Funds*		7,910,000	Financing costs		6,600,000
Total Estimated Sources	$	337,910,000	**Total Estimated Uses**	$	337,910,000

*CHFFA Series 2004G and 2004I

Due Diligence: Staff has received and reviewed the Eligibility, Legal Review, Religious Due Diligence, Savings Pass Through, Seismic, and CEQA documentation. All documentation satisfies the Authority's requirements.

Staff Recommendation: Staff recommends the Authority approve Resolution Number 398 in an amount not to exceed $330,000,000 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 Fieldman, Rolapp & Associates, Inc. the Authority's financial advisor, concur with the Authority's staff recommendation.

I. PURPOSE OF FINANCING:

DH intends to benefit from current low interest rates to refund all or a portion of several existing bond series and to refinance a taxable line of credit, the proceeds of which were used to refund and/or refinance prior outstanding bonds issued by the Authority for the benefit of DH. According to DH, the proposed refinancing may result in a net present value savings of approximately $19.2 million.

DH also plans to issue a 2014 taxable bond issue that will provide new money, refund bonds, and refinance outstanding draws on its working capital line of credit.

Refunding Bonds **...** ***$331,310,000***

DH plans to refund and/or to refinance a taxable line of credit, the proceeds of which were used to refund and/or refinance the bond issues as follows:

California Health Facilities Financing Authority Health Facility Revenue Bonds (Catholic Healthcare West) 2004 Series G and Health Facilities Revenue Bonds (Catholic Healthcare West) 2004 Series I

A portion of the bond proceeds were used to refund bonds previously issued for the benefit of the Members of the Obligated Group in order to restructure the Obligated Group's overall debt profile; and to establish a revolving loan program for DH and its affiliates in California to finance capital improvements and additions in California. Total original issue amount was $79.1 million. Outstanding par to be refunded for the 2004 Series G Bonds is $28.8 million and for the 2004 Series I Bonds, the amount to be refinanced is $50.0 million.

California Health Facilities Financing Authority Health Facility Revenue Bonds (Catholic Healthcare West) 2008 Series H, I, J, K, and L

A portion of the bond proceeds were used to refund previously issued auction rate and variable rate bonds, which were previously used for new construction, expansion, renovation and equipment purchases. Total original issue amount was $269,025,000 and outstanding par to be refunded is approximately $110,750,000. With other taxable funds, the total outstanding par of $151,800,000 will be refunded.

California Health Facilities Financing Authority Variable Rate Revenue Bonds (Catholic Healthcare West) 2009 Series D

A portion of the bond proceeds were used to finance capital expenditures at the Obligated Group's facilities in California, refund on a current basis bonds previously issued to finance or refinance capital expenditures at certain of the Obligated Group's facilities in California. Total original issue amount was $40.4 million and the amount to be refinanced is the same.

California Health Facilities Financing Authority Variable Rate Health Facility Revenue Bonds (Catholic Healthcare West) 2009 Series F

A portion of the bond proceeds were used to refund on a current basis bonds previously issued to finance or refinance capital expenditures at certain of the Obligated Group's facilities in California. Total original issue amount was $66.9 million and the amount to be refinanced is the same.

Financing costs		***6,600,000***
• *Estimated cost of issuance*	*$4,950,000*	
• *Estimated placement agent fees*	*1,650,000*	
Total Estimated Uses of Funds		***$337,910,000***

II. PROPOSED COVENANTS, SECURITY PROVISIONS AND DISCLOSURES:

Obligated Group:
The DH System undertakes most of its borrowing activities under a Master Indenture. Under the Master Indenture, a group composed of DH and certain other corporations in the DH System (each a "Member" of the "Obligated Group") have agreed to be jointly and severally obligated for debt incurred under the Master Indenture. Only the corporations that are Members of the Obligated Group are jointly and severally obligated under the Master Indenture. None of the Non-Member Entities have assumed any financial obligation related to payment of or security for any of the Bonds or any other obligations incurred under the Master Indenture.

After reviewing the Obligated Group's credit profile, including its current financial profile, prior bond transactions and considering what the market will support, DH, Fieldman, Rolapp & Associates, Inc. (the Authority's financial advisor), and the placement agent have concluded the covenants listed below balance the interests of the Obligated Group, the Authority, and the investors and are consistent with covenants that have applied to the Obligated Group's prior bond transactions and that the Obligated Group's current financial situation does not suggest additional covenants should be required.

Unconditional Obligation to Pay. *DH agrees to pay the Bond Trustee all amounts required to pay the principal and purchase price of and premium, if any, and interest on the 2014B Bonds when due, and other payments and expenses designated in the Loan Agreement. The Obligated Group guarantees all such payments under the obligations issued under the Master Indenture (collectively, the "Bond Obligations"). All Revenues (which will include payments made pursuant to or with respect to the Loan Agreement or the Bond Obligations and any other amounts held in a fund or account under the Bond Indenture are pledged to secure the full payment of the Bonds.*

Debt Service Coverage Requirement. *The Master Indenture contains a debt service coverage requirement based on 1.10 times the Debt Service Requirement, calculated for the Obligated Group as a whole at the end of each fiscal year. A debt service coverage requirement is a ratio measuring ability to make interest and principal payments as they become due by assessing the amount of revenue available to meet debt service payments.*

Pledge of Gross Revenues. *Each Obligated Group Member pledges to deposit all revenue, income, receipts and money received ("Gross Revenues") into a Gross Revenue Fund and has granted a security interest to the Master Trustee in such Gross Revenue Fund.*

Covenant Against Liens. *Each Obligated Group Member agrees not to create, assume or permit any Lien upon any of its Property or Gross Revenues, other than Permitted Liens.*

Limitations on Additional Indebtedness and Guaranties. *Each Obligated Group Member agrees not to incur additional Indebtedness or enter into or become liable in respect of any Guaranty, unless authorized by various financial performance or projection measures set out in the Master Indenture.*

Limitations on Consolidation, Merger, Sale or Conveyance. *Each Obligated Group Member agrees not to merge, consolidate with any other corporation which is not an Obligated Group Member or sell or convey all or substantially all of its assets to any Person which is not an Obligated Group Member unless authorized by various limiting measures set out in the Master Indenture.*

Disposition of Assets. *Each Obligated Group Member agrees not to sell, lease or otherwise dispose of any Property, including liquid assets, unless authorized by various limiting measures set out in the Master Indenture.*

Comply with SEC Rule 15c2-12. *DH, on behalf of the Obligated Group, will take such action as is necessary to assist the placement agent in complying with SEC Rule 15c2-12 (the "Rule"). DH will contractually agree, while any of the Bonds remain outstanding, to disclose certain financial information and operating data to the SEC web site (EMMA) and to report certain "listed events" with respect to the Bonds within the time frame set forth in the Rule.*

Staff and the Authority's financial advisor have reviewed the entirety of this financing package and find it to be acceptable.

III. FINANCIAL STATEMENTS AND ANALYSIS:

Dignity Health
Financial Position
(In thousands)

	As of June 30, 2013	2012	2011
ASSETS			
Current assets:			
Cash and cash equivalents	$ 218,159	$ 406,052	$ 704,044
Short-term investments	1,078,180	932,864	825,849
Collateral held under securities lending program	322,468	335,968	290,526
Assets limited as to use	1,049,373	1,242,277	828,632
Patient accounts receivable, net	1,470,719	1,282,895	1,257,296
Other current assets	909,282	836,166	743,086
Total current assets	5,048,181	5,036,222	4,649,433
Assets limited as to use:			
Board-designated assets for:			
Capital projects	3,478,258	3,211,433	3,139,101
Workers' compensation	439,624	448,107	367,554
Hospital professional and general liability	249,642	202,316	162,091
Under bond indenture agreements for:			
Capital projects	188,126	214,930	51,679
Debt service	136,499	140,600	190,975
Bond reserves	20,632	20,631	26,387
Donor-restricted	387,805	417,061	439,932
Other	55,593	68,202	68,213
Less: amount required to meet current obligations	(1,049,373)	(1,242,277)	(828,632)
Net assets limited as to use	3,906,806	3,481,003	3,617,300
Property and equipment, net	4,422,833	4,216,570	4,102,551
Ownership interests in health-related activities	681,120	570,873	558,178
Other long-term assets, net	910,632	239,327	196,163
Total assets	$ 14,969,572	$ 13,543,995	$ 13,123,625

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Dignity Health
Financial Position
(In thousands)

	As of June 30, 2013	2012	2011
LIABILITIES AND NET ASSETS			
Current liabilities:			
Current portion long-term debt	$ 129,112	$ 295,920	$ 107,381
Demand bonds subject to short-term liquidity arrangements	782,800	785,400	574,000
Accounts payable	493,699	531,441	418,155
Payable under securities lending program	322,654	336,357	291,148
Accrued salaries and benefits	569,098	518,147	507,915
Accrued workers' compensation	36,040	46,938	31,647
Accrued hospital professional and general liability	78,527	69,885	61,304
Pension and other post-retirement liabilities	317,772	318,633	278,369
Other accrued liabilities	604,135	712,609	871,042
Total current liabilities	3,333,837	3,615,330	3,140,961
Other liabilities:			
Workers' compensation	350,178	341,200	234,938
Hospital professional and general liability	232,055	212,712	228,559
Pension and other postretirement liabilities	612,992	1,093,155	598,697
Other	239,564	111,966	115,823
Total other liabilities	1,434,789	1,759,033	1,178,017
Long-term debt, net of current portion	4,139,717	3,440,794	3,556,817
Total Liabilities	8,908,343	8,815,157	7,875,795
Net assets:			
Unrestricted - attributable to CHW	5,510,710	4,177,650	4,715,076
Unrestricted - noncontrolling interest	166,727	137,870	98,304
Temporarily restricted	278,707	308,445	326,503
Permanently restricted	105,085	104,873	107,947
Total net assets	6,061,229	4,728,838	5,247,830
TOTAL LIABILITIES AND NET ASSETS	$ 14,969,572	$ 13,543,995	$ 13,123,625

Financial Ratios:	**Proforma (a) FYE June 2013**	2013	2012	2011
Debt service coverage (x) operating	2.31	2.08	1.95	3.10
Debt service coverage (x) net	3.71	3.35	2.13	5.82
Debt/Unrestricted Net Assets (x)	0.90	0.89	1.05	0.88
Margin (%)		7.42	1.41	9.43
Current Ratio (x)		1.51	1.39	1.48

(a) Recalculates FY 2013 audited results to include the impact of the proposed financing and utilizing Maximum Annual Debt Service

*The Obligated Group consists of 96.6% of the consolidated unrestricted net assets of Dignity Health

Dignity Health
Statement of Activities (unrestricted)
(In thousands)

	As of June 30, 2013	2012	2011
Revenues and other support:			
Net patient revenue	$ 9,444,559	$ 8,718,695	$ 8,520,936
Premium revenue	476,950	431,982	558,103
Revenue from health-related activities, net	140,909	60,733	134,528
Contributions	17,399	16,734	15,320
Other operating revenue	332,062	268,122	241,865
Total revenues & support	10,411,879	9,496,266	9,470,752
Expenses:			
Salaries and benefits	5,561,479	5,135,149	4,984,330
Supplies	1,420,242	1,375,087	1,371,824
Purchased services and other	2,546,821	2,168,854	2,297,390
Depreciation and amortization	463,714	425,732	417,984
Interest expense, net	120,856	293,910	156,528
Special charges and other costs	14,801	35,873	-
Total expenses	10,127,913	9,434,605	9,228,056
Operating income	283,966	61,661	242,696
Other income:			
Investment income, net	527,970	73,212	717,851
Excess (deficit) of revenues over expenses	811,936	134,873	960,547
Unrestricted net assets:			
Excess (deficit) of revenues over expenses	811,936	134,873	960,547
Change in net unrealized gains (loss) on available for sale investments	4,015	(2,934)	5,528
Net assets released from restrictions used for purchase of property or equipment	67,423	26,247	14,479
Change in funded status: pension/o ther post-retirement benefit plans	447,726	(582,711)	324,174
Gain (loss) from discontinued operations	(22,629)	(129,051)	(41,779)
Change in noncontrolling interest in health-related activities	28,857	39,566	9,099
Change in ownership held by controlled subsidiaries	2,765	171	-
Change in accumulated unrealized derivative gains (loss), net	2,683	2,683	9,055
Donated property and equipment	19,906	15,664	14,207
Other	(765)	(2,368)	2,379
Increase in unrestricted net assets	1,361,917	(497,860)	1,297,689

*The Obligated Group consists of 96.6% of the consolidated unrestricted net assets of the DH System.

Net Patient Revenues

	Fiscal Year Ended June 2013 Percent
Medicare fee for service	31
Contracted rate payors	26
Medicaid fee for service	11
Self-pay and other	11
Medicare managed care fee for service	9
Medicaid managed care fee for service	9
Commercial capitated	2
Medicare capitated	1
Total	100

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Dignity Health
Statement of Activities (unrestricted)
(In thousands)

	As of June 30,		
	2013	**2012**	**2011**
Temporarily restricted net assets:			
Contributions	38,174	38,231	39,025
Net realized/unrealized gains (losses) on investments	4,254	(134)	7,166
Net assets released from restrictions	(87,921)	(50,505)	(37,829)
Change in interest in net assets of unconsolidated foundations	15,340	(536)	29,093
Other	415	(5,114)	(1,993)
Increase (decrease) in temporarily restricted net assets	(29,738)	(18,058)	35,462
Permanently restricted net assets:			
Contributions	(138)	25	2,289
Net realized/unrealized gains on investments	80	77	62
Change in interest in net assets of unconsolidated foundations	551	51	5,961
Other	(281)	(3,227)	560
Increase in permanently restricted net assets	212	(3,074)	8,872
Increase (decrease) in net assets	1,332,391	(518,992)	1,342,023
Net assets, beginning of year	4,728,838	5,247,830	3,905,807
Net assets, end of year	$ 6,061,229	$ 4,728,838	$ 5,247,830

Dignity Health

Statement of Activities (unrestricte

(In thousands)

	As of Mar 31, 2014	2013
Revenues and other support:		
Net patient revenue	$ 7,099,869	$ 6,790,443
Premium revenue	369,369	354,459
Revenue from health-related activities, net	121,297	113,040
Contributions	11,283	11,799
Other operating revenue	447,936	195,696
Total revenues & support	8,049,754	7,465,437
Expenses:		
Salaries and benefits	4,221,835	4,134,018
Supplies	1,139,977	1,059,286
Purchased services and other	1,885,819	1,711,130
Depreciation and amortization	355,394	343,547
Interest expense, net	131,162	119,086
Special charges and other costs	60,319	(15,473)
Total expenses	7,794,506	7,351,594
Operating income	255,248	113,843
Other income:		
Investment income, net	520,593	534,181
Excess (deficit) of revenues over expenses	775,841	648,024
Unrestricted net assets:		
Excess (deficit) of revenues over expenses	756,451	630,338
Change in net unrealized gains (loss) on available for sale investments	48	4,228
Net assets released from restrictions used for purchase of property or equipme	8,471	44,479
Change in funded status: pension/o ther post-retirement benefit plans	203,207	-
Gain (loss) from discontinued operations	(13,684)	(22,301)
Change in noncontrolling interest in health-related activities	5,405	24,498
Change in ownership held by controlled subsidiaries	3,732	2,059
Change in accumulated unrealized derivative gains (loss), net	2,012	2,012
Donated property and equipment	10,865	14,005
Other	(1,453)	1,232
Increase in unrestricted net assets	975,054	700,550
Temporarily restricted net assets:		
Contributions	45,125	26,933
Net realized/unrealized gains (losses) on investments	5,092	4,290
Net assets released from restrictions	(20,718)	(55,844)
Change in interest in net assets of unconsolidated foundations	21,153	11,829
Other	784	29
Increase (decrease) in temporarily restricted net assets	51,436	(12,763)
Permanently restricted net assets:		
Contributions	124	(7)
Net realized/unrealized gains on investments	53	64
Change in interest in net assets of unconsolidated foundations	2,171	616
Other	(92)	(261)
Increase in permanently restricted net assets	2,256	412
Increase (decrease) in net assets	1,028,746	688,199
Net assets, beginning of year	6,061,229	4,728,838
Net assets, end of year	$ 7,089,975	$ 5,417,037

*The Obligated Group consists of 96.6% of the consolidated unrestricted net assets of the DH System.

Due to the unavailability of the FY 2014 audited financial statements, staff is providing an analysis of the Income Statement for the unaudited nine-months ended March 31, 2014 financials compared with nine-months ended March 31, 2013.

Financial Discussion – Statement of Activities (Income Statement)

DH's income statement appears to exhibit positive operating results.

For the nine-month period ended March 31, 2014, DH recorded operating income of $255.2 million compared to $113.8 million for the same period in 2013. These results exclude the operations of the Health Plans, which are classified as assets held for sale and whose operations are reported as discontinued for all periods presented.

Particular Facts to Note:

- DH recognized $322.4 million in net patient revenue and $205.9 million in purchased services and other for a net favorable impact of $116.5 million related to the California and City of Phoenix provider fee programs, which was $16.6 million higher than the net provider fee income of $99.9 million recognized during the same period in 2013. The increase is primarily related to recognizing income in the current year in connection with the City of Phoenix program, which began in April 2013.

- Net patient and premium revenues increased $324.3 million, or 4.5%, over the same period in 2013, primarily due to $71.1 million in additional net revenue related to the consolidation of U.S. Health Works ("USHW"), a multi-state for-profit operator of occupational health and urgent care centers, beginning in August 2012, increased provider fee revenues of $37.8 million, increased Arizona Medicaid revenues of $24.3 million, and payment rate increases, offset by lower volumes and unfavorable payor mix in the current year. Provision for bad debts on uncollectible accounts increased $33.2 million, or 4.1%, with provision for bad debts on uncollectible accounts as a percentage of gross revenues equal to the 2013 amount of 2.7%.

- Net patient and premium revenue per adjusted admission increased 5.9% compared to the same period in 2013, primarily related to payment rate increases and increased Arizona Medicaid revenues. Adjusted admissions decreased 1.3% compared to the same period in 2013.

- Revenue from health-related activities was $121.3 million during the nine months ended March 31, 2014, compared to $113.0 million during the same period in 2013. DH recorded $15.7 million related to a joint venture in Bakersfield compared to $0.7 million in 2013, offset by $56.0 million related to the investment in Scripps Health during the nine months ended March 31, 2014, compared to $70.9 million in the same period in 2013.

- Other operating revenue increased $252.2 million over the same period in 2013, primarily due to a gain of $230.5 million recognized relate to Optum360 transaction and a gain of $16.6 million recognized on the restructuring of DH's investment in Premier, Inc.

- Salaries and benefits increased $87.8 million, or 2.1%, over the same period in 2013, with salaries and benefits per adjusted admission increasing 3.4%, primarily due to increased wage and contract labor costs, partially mitigated by lower pension expense.

- Supplies increased $80.7 million, or 7.6%, compared to the same period in 2013, with supply costs per adjusted admission increasing 9.0%, primarily fur to higher pharmaceutical costs related to the expansion of infusion services.

- Purchased services and other increased $174.7 million, or 10.2% compared to the same period in 2013 primarily related to the Optum360 management fee, provider fee program expenses, the consolidation of USHW beginning in August 2012, increased medical fees, advertising costs, and maintenance contract costs, offset by lower professional liability costs.

- Income tax expense increased $89.6 million due to $59.6 million of tax expense recognized during the nine months ended March 31, 2014, related to the Optum360 transaction, and the $33.3 million tax benefit recorded in 2013 in conjunction with the acquisition of USHW.

- Non-cash market adjustments on swaps, recorded in interest expense, net, were $12.6 million favorable compared to $24.9 million favorable in the same period in 2013.

- Investment income, net, decreased $13.6 million to a gain of $520.6 million, from a gain of $534.2 million during the same period in 2013. Realized gains of $290.3 million in the current year were higher than realized gains of $185.6 million in the same period in 2013. Net unrealized gains were $181.4 million in the current year, compared to net unrealized gains of $289.0 million in the same period of 2013.

<u>Financial Discussion – Statement of Financial Position (Balance Sheet)</u>

DH appears to have a solid financial position with a strong operating debt service coverage ratio during the review period.

DH's balance sheet grew with total net assets increasing from approximately $5.25 billion in FY 2011 to $6.06 billion in FY 2013, an increase of approximately 15.5%. DH attributes the increase primarily to strong income from operations and investment income.

The debt to net assets ratio has remained relatively stable with a three-year average of 0.94x and will become 0.90x with this transaction. The operating debt service coverage ratio appears to be a solid 2.08x in FY 2013, and with the proposed financing, the proforma operating debt service coverage ratio will be 2.31x indicating that DH can likely manage the proposed debt.

<u>Particular Facts to Note:</u>

- According to DH's management, cash and cash equivalent has decreased significantly from approximately $704 million in FY 2011 to $218 million in FY 2013 due to a substantial movement of funding into short-term and long-term investments. DH's liquidity is comprised of cash, short term investments and longer term investment portfolio, which as a total increased from approximately $4.67 billion in FY 2011 to $4.78 billion in FY 2013 due to operating income and investment gains.

- Pension and other postretirement liabilities in FY 2012 increased significantly to approximately $1.1 billion from $598.7 million in FY 2011 mainly due to an actuarial loss but decreased to approximately $613 million in FY 2013.

- Total long term debt increased by approximately 16.4% from $3.56 billion in FY 2011 to $4.14 billion in FY 2013 mainly due to DH issuing $600 million of taxable fixed rate bonds, a portion of which was used to repay an outstanding syndicated line of credit, primarily related to the acquisition in August 2012 of USHW.

- The unaudited balance sheet as of March 31, 2014, shows continued net assets growth.

IV. DUE DILIGENCE:

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

- **Section 15438.5(a) of the Act (Savings Pass Through):** DH properly completed and submitted the "Pass-Through Savings Certification" in addition to a narrative explaining how it intends to pass along savings**.**

  DH has several programs and services that are designed to extend its mission and to meet the community benefits requirements of both state and federal law.

  1) Traditional charity care includes the cost of free or discounted services provided to persons who cannot afford healthcare because of inadequate resources and/or who are uninsured or underinsured and meet DH's criteria for financial assistance.

  2) Unpaid costs of public programs represent the unreimbursed cost of services provided to persons covered by public programs for the poor, such as Medicaid and other indigent programs.

  3) Costs of other programs for the poor included programs directed at serving the poor of the community. DH underwrites clinical health services at DH facilities and also makes outright grants to meet certain needs in the communities it serves.

  4) Benefits for the broader community include unreimbursed costs of programs and services for persons who need special services and support but may not qualify as poor. Most services for the broader community are aimed at improving the health and welfare of the overall community. Such services include the interest rate differential on below market rate loans that DH makes to non-profit community-based organizations that promote the total health of their community, including the development of affordable housing for low-income persons and families, increasing opportunities for jobs and job training, and expanding access to healthcare for uninsured and underinsured persons.

  In FY 2013, DH provided $1.7 billion in community benefits and care for the poor, including unpaid cost in Medicare.

  Please enter the below web address in your web browser for DH System's hospital community benefit reports:

  http://www.dignityhealth.org/Who_We_Are/Community_Health/STGSS044509

- **Section 15491.1 of the Act (Community Service Requirement):** DH properly completed and submitted this certification and indicated that Medi-Cal and Medicare patients are accepted.

- **Compliance with Seismic Regulations:** DH 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):** The requirement to provide CEQA documentation does not apply to the refunding of prior CHFFA bonds.

- **Religious Affiliation Due Diligence:** DH properly completed and submitted relevant documentation to meet the religious due diligence requirement.

- **Legal Review:** DH properly completed and submitted relevant documentation for the Authority's Legal Questionnaire.

- **Iran Contracting Act Certificate:** DH and the underwriter properly submitted the certificate to the Authority.

EXHIBIT 1

FINANCING TEAM

Trustee:	MUFG Union Bank, N.A.
Trustee's Counsel:	Davis Wright Tremaine, LLP
Rating Agencies:	Moody's Standard & Poor's
Issuer's Financial Advisor:	Fieldman, Rolapp & Associates, Inc.
Issuer's Financial Analyst:	Macias Gini & O'Connell, LLP
Issuer's Counsel:	Office of the Attorney General
Issuer's Agent for Sale:	California State Treasurer
Bond Counsel:	Sidley Austin LLP
Private Placement Agent:	BMO Capital Markets GKST, Inc.
Private Placement Agent's Counsel:	Orrick, Herrington & Sutcliffe, LLP
Borrower's Counsel:	Manatt, Phelps & Phillips, LLP
Borrower's Financial Advisor:	Swap Financial Group
Auditor:	Deloitte & Touche LLP
Direct Placement Purchasers:	Deutsche Bank, AG BMO Harris Bank
Direct Placement Purchasers' Counsels:	Kutak Rock LLP Ashurst LLP
Master Trustee:	US Bank, N.A.
Master Trustee's Counsel:	Dorsey & Whitney LLP

EXHIBIT 2

UTILIZATION STATISTICS

The following table shows utilization statistics for the acute care hospitals operated by the Obligated Group Members* for the fiscal years ended June 30, 2013, 2012 and 2011:

	Fiscal Year Ended June 30		
	2013	**2012**	**2011**
Operating Beds	7,319	7,442	7,605
Acute Admissions	368,961	382,543	411,115
Acute Patient Days	1,563,221	1,625,071	1,783,605
Acute Average Length of Stay (days)	4.2	4.2	4.3
Acute Average Length of Stay Medicare PPS (days)	4.6	4.6	4.9
Licensed Acute Beds	8,389	8,348	8,730

*A list of the Obligated Group Members is provided in Exhibit 5.

EXHIBIT 3

OUTSTANDING DEBT

As of fiscal year ending June 30, 2013, DH has approximately $5.052 billion in outstanding debt of which $1.821 billion is Authority debt. With this financing, DH will be refunding approximately $330 million of Authority debt maintaining the same balance of debt with the Authority.

EXHIBIT 4

BACKGROUND, GOVERNANCE AND LICENSURE

Background

DH is a California nonprofit public benefit corporation, formerly known as Catholic Healthcare West, founded in 1986 and headquartered in San Francisco, California. DH together with its subsidiary corporations comprise the Dignity Health System ("DH System"), which is one of the largest not-for-profit acute healthcare delivery systems in the United States as measured by annual revenue. The DH System operates 39 hospitals throughout communities in California, Arizona, and Nevada. The DH System's facilities currently include approximately 8,400 licensed acute care beds and approximately 600 licensed skilled nursing beds. The DH System maintains prominent market shares in many of its service areas, and many of its hospitals rank among the finest in the nation. In August 2012, DH expanded to 13 additional states with the acquisition of U.S. Health Works, a wholly owned for-profit subsidiary, which currently provides over 3.5 million occupational health and urgent care visits annually in 20 states.

The DH System operates under a single operating company model utilizing a variety of common corporate services. The DH System also utilizes a common accounting system, common accounting practices and a single internal audit firm, Catholic Healthcare Audit Network, LLC. A single corporate financial planning model, budget process and capital allocation process is in place. DH utilizes centralized debt compliance monitoring and unified debt management on behalf of the DH System. Daily cash management is also under common administration, as is pooled investment management.

Obligated Group

DH System is comprised of DH, several not-for-profit corporations, and their wholly and partially owned interests in a variety of other corporations, partnerships and limited liability companies. DH and certain other not-for-profit corporations (each a "Member" of the "Obligated Group") have agreed to be jointly and severally obligated for debt incurred under the Master Indenture. Most of the borrowing activities of the Obligated Group are contracted under the Master Indenture. Other entities affiliated with DH are not Members of the Obligated Group (the "Non-Member Entities"). Only the corporations that are Members of the Obligated Group are jointly and severally obligated under the Master Indenture. None of the Non-Member Entities have assumed any financial obligation related to payment of or security for any of the 2014 Bonds or any other obligations incurred under the Master Indenture. The Non-Member Entities in the DH System represented approximately 3.5% of the consolidated revenue at FY 2013 and 3-4% of consolidated unrestricted net assets of the DH System for the fiscal years ended June 30, 2013, 2012 and 2011, as shown in the audited financial statements for those years.

DH has membership rights and powers exercised either directly or indirectly with respect to each of the other Obligated Group Members. Generally, these membership powers include the right of DH to approve budgets, capital expenditures, liens and encumbrances, changes in corporate charter documents, certain asset acquisitions and sales, and mergers and dissolutions, among other things. Generally, DH also has the right to approve the appointment of the CEO of each other Obligated Group Member, and generally the CEO is an employee of DH.

In total, there are seven Obligated Group Members: DH, which directly operates and owns or leases 33 acute care hospitals, plus six subsidiary corporations. Of the six subsidiary corporations that are Obligated Group Members, four operate and own acute care hospitals. (see Exhibit 5 for a full list of the Obligated Group Members).

Governance

In January 2012, Catholic Healthcare West changed its name to Dignity Health and implemented governance restructuring through revisions to its corporate documents, including Restated Articles of Incorporation and Restated Bylaws. DH transitioned to a self-perpetuating Board of Directors governing structure, which is comprised of no less than nine no more than 13 members. At all times, no less than two director positions are reserved for women religious of the sponsors, who shall serve in an individual capacity and not as a representative of the sponsor or sponsors. The Board of Directors, in turn, approves the election of the governing bodies for each of the Obligated Group Members, except that DH's powers to approve directors are subject to restrictions in certain cases as noted under the Obligated Group. Currently, the Board of Directors is comprised of ten members who are independent directors without any formal relationship with DH or its affiliates, and the President/Chief Executive Officer of DH.

The Board of Directors has established "Hospital Community Boards" for the acute care facilities that are directly owned and operated by DH. The Hospital Community Boards are delegated certain local oversight responsibilities for quality of care and medical staff matters, and serve as advisory bodies to the DH Board of Directors with respect to strategic business planning for local facilities, local operational issues and facility level implementation of community benefit programs. The DH Board of Directors as well as the Board's Finance Committee must approve all material debt, borrowings, loans, guarantees, encumbrances or liens for the DH System and may do so through directly authorizing resolutions or the Board may from time to time implement or amend formal policies regulating certain of these activities.

Licensure and Memberships

Each of the hospitals operated by an Obligated Group Member is licensed by the state in which it operates for the level of care it delivers and is certified to participate in the Medicare program and its state's Medicaid program, and is accredited by the Joint Commission. Each skilled nursing facility unit operated by an Obligated Group Member is certified to participate in the Medicare and Medicaid programs. The residential care facility for the elderly operated by Mercy Senior Housing, Inc. is certified by the California Department of Social Services.

EXHIBIT 5

LIST OF OBLIGATED GROUP MEMBERS AND HEALTHCARE FACILITIES

Obligated Group Member/Facilities	Type of Facility	Location	Service Areas
Dignity Health	N/A	San Francisco, CA	
California Hospital Medical Center – Los Angeles	Acute Care	Los Angeles, CA	Southern California
Chandler Regional Medical Center	Acute Care	Chandler, AZ	Arizona
Dominican Hospital	Acute Care	Santa Cruz, CA	Bay Area
French Hospital Medical Center	Acute Care	San Luis Obispo, CA	Central Coast
Glendale Memorial Hospital and Health Center	Acute Care	Glendale, CA	Southern California
Marian Regional Medical Center (three locations)	Acute Care	Santa Maria, CA	Central Coast
Mercy General Hospital	Acute Care	Sacramento, CA	Greater Sacramento
Mercy Gilbert Medical Center	Acute Care	Gilbert, AZ	Arizona
Mercy Hospital (Bakersfield) (two locations)	Acute Care	Bakersfield, CA	Central California
Mercy Hospital of Folsom	Acute Care	Folsom, CA	Greater Sacramento
Mercy Medical Center (Merced)	Acute Care	Merced, CA	Central California
Mercy Medical Center, Mt. Shasta	Acute Care	Mt. Shasta, CA	North State
Mercy Medical Center Redding	Acute Care	Redding, CA	North State
Mercy San Juan Medical Center	Acute Care	Carmichael, CA	Greater Sacramento
Methodist Hospital of Sacramento	Acute Care	Sacramento, CA	Greater Sacramento
Northridge Hospital Medical Center	Acute Care	Northridge, CA	Southern California
Sequoia Hospital	Acute Care	Redwood City, CA	Bay Area
St. Bernardine Medical Center	Acute Care	San Bernardino, CA	Southern California
St. Elizabeth’s Community Hospital	Acute Care	Red Bluff, CA	North State
St. John’s Pleasant Valley Hospital	Acute Care	Camarillo, CA	Central Coast
St. John’s Regional Medical Center	Acute Care	Oxnard, CA	Central Coast
St. Joseph’s Behavioral Health Center	Acute Psychiatric	Stockton, CA	Central California
St. Joseph’s Hospital and Medical Center (two locations)	Acute Care	Phoenix, AZ	Arizona
St. Joseph’s Medical Center of Stockton	Acute Care	Stockton, CA	Central California
St. Mary Medical Center	Acute Care	Long Beach, CA	Southern California
St. Mary’s Medical Center	Acute Care	San Francisco, CA	Bay Area
St. Rose Dominican Hospital Rose de Lima Campus	Acute Care	Henderson, NV	Nevada
St. Rose Dominican Hospital San Martin Campus	Acute Care	Las Vegas, NV	Nevada
St. Rose Dominican Hospital Siena Campus	Acute Care	Henderson, NV	Nevada
Woodland Memorial Hospital	Acute Care	Woodland, CA	Greater Sacramento
Bakersfield Memorial Hospital	Acute Care	Bakersfield, CA	Central California
Dignity Health Medical Foundation	N/A	Various	Various
Community Hospital of San Bernardino	Acute Care	San Bernardino, CA	Southern California
Mercy Senior Housing, Inc.[(1)]	N/A	Sacramento, CA	Greater Sacramento
Saint Francis Memorial Hospital	Acute Care	San Francisco, CA	Bay Area
Sierra Nevada Memorial-Miners Hospital	Acute Care	Grass Valley, CA	Greater Sacramento

(1) Operates a residential care facility.

RESOLUTION NO. 398

**RESOLUTION OF THE
CALIFORNIA HEALTH FACILITIES FINANCING AUTHORITY
AUTHORIZING THE ISSUANCE OF REVENUE BONDS RELATED TO THE REFINANCING OF PROJECTS AT THE HEALTH FACILITIES OF DIGNITY HEALTH AND
CERTAIN AFFILIATED CORPORATIONS**

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

WHEREAS, Dignity Health (formerly Catholic Healthcare West) (the "Borrower") is a nonprofit public benefit corporation duly organized and existing under the laws of the State of California and is affiliated with Bakersfield Memorial Hospital, Community Hospital of San Bernardino, Saint Francis Memorial Hospital, Sierra Nevada Memorial-Miners Hospital, Mercy Senior Housing, Inc. and Dignity Health Medical Foundation (each, together with the Borrower, an "Obligated Group Member"), each of which is a nonprofit public benefit corporation duly organized and existing under the laws of the State of California and each of which, together with the Borrower, owns and operates health care facilities in the State of California;

WHEREAS, the Authority has previously issued its:

(1) Revenue Bonds (Catholic Healthcare West), 2004 Series G (the "2004G Bonds"), in the aggregate principal amount of $29,100,000, $28,805,000 of which currently is outstanding,

(2) Health Facility Revenue Bonds (Catholic Healthcare West), 2004 Series I (the "2004I Bonds"), in the aggregate principal amount of $50,000,000, none of which currently is outstanding,

(3) Revenue Bonds (Catholic Healthcare West), 2008 Series H-L (the "2008 Bonds"), in the aggregate principal amount of $269,025,000, $151,800,000 of which currently is outstanding,

(4) Variable Rate Health Facility Revenue Bonds (Catholic Healthcare West), 2009 Series D (the "2009D Bonds"), in the aggregate principal amount of $40,355,000, none of which currently is outstanding, and

(5) Variable Rate Health Facility Revenue Bonds (Catholic Healthcare West), 2009 Series F (the "2009F Bonds"), in the aggregate principal amount of $66,930,000, none of which currently is outstanding,

and loaned the proceeds thereof to the Borrower to finance and/or refinance the construction, expansion, remodeling, renovation, furnishing, equipping and acquisition of health facilities of the Obligated Group Members, as more particularly described under the caption "Prior Projects" in Exhibit A hereto (collectively, the "Prior Projects");

WHEREAS, all of the then outstanding (i) 2004I Bonds were purchased and cancelled on July 2, 2014, (ii) 2009D Bonds were redeemed and cancelled on July 1, 2014 and (iii) 2009F Bonds were redeemed and cancelled on July 1, 2014, with the proceeds of a draw on the Borrower's taxable line of credit (the "Taxable Debt");

WHEREAS, the Borrower has requested that the Authority issue one or more series of its revenue bonds in an aggregate principal amount not to exceed $330,000,000 and make one or more loans of the proceeds thereof to the Borrower (i) to refund all or a portion of the outstanding 2004G Bonds; (ii) to refund all or a portion of the outstanding 2008 Bonds; (iii) to refinance the Taxable Debt; and (iv) to pay costs of issuance of the Bonds (as defined below);

WHEREAS, to the extent required by subdivision (b) of Section 15455 of the Government Code, the Borrower has previously provided documentation to the Authority demonstrating, to the extent applicable, that the Prior Projects have complied with Division 13 (commencing with Section 21000) of the Public Resources Code or are not a "project" under such division; and

WHEREAS, approval of the terms of issuance and sale of such revenue bonds and various related matters is now sought;

NOW, THEREFORE, BE IT RESOLVED by the California Health Facilities Financing Authority, as follows:

SECTION 1. Pursuant to the Act, revenue bonds of the Authority designated as the "California Health Facilities Financing Authority Revenue Bonds (Dignity Health)" (the "Bonds"), in a total aggregate principal amount not to exceed $330,000,000 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 the bond indenture 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 fifth 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 September 25, 2015, 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 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

Borrower, 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 Borrower, 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 following documents:

(a) the Loan Agreement relating to the Bonds (the “Loan Agreement”), between the Authority and the Borrower,

(b) the Bond Indenture relating to the Bonds (the “Bond Indenture”), between the Authority and MUFG Union Bank, N.A., as bond trustee (the “Trustee”),

(c) the Private Placement Agreement, including the exhibits thereto, relating to the Bonds (the “Private Placement Agreement”), among BMO Capital Markets GKST Inc. (the “Placement Agent”), the Treasurer and the Authority and accepted by the Borrower, and

(d) the private placement memorandum relating to the Bonds (the “Private Placement Memorandum”)

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 Borrower, 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 Agreement, the Bond Indenture and the Private Placement Agreement and by delivery thereof in the case of the Private Placement Memorandum. 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 Agreement are true and correct.

SECTION 5. The dated dates, maturity dates (not exceeding 40 years from the 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, if any, from time to time, shall be as provided in the Bond Indenture, as finally executed.

SECTION 6. The Placement Agent is hereby directed to deliver the Private Placement Memorandum for the Bonds to all actual purchasers of such Bonds.

SECTION 7. The Bonds, when executed, shall be delivered to the Trustee for authentication by the Trustee. The Trustee is hereby requested and directed to authenticate the Bonds by executing the Trustee's Certificate of Authentication appearing thereon, and to deliver the Bonds, when duly executed and authenticated, to or upon direction of the Placement Agent 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 Placement Agent, 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 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, the Bond Indenture, Loan Agreement, Private Placement Agreement and Private Placement Memorandum. 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.

SECTION 9. The provisions of the Authority's Resolution No. 2013-02, as amended, apply to the documents and actions approved in this Resolution.

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

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

Date of Adoption ______________________________

EXHIBIT A

Prior Projects:[1]

Revenue Bonds (Catholic Healthcare West), 2004 Series G (the "2004G Bonds")

Health Facility Revenue Bonds (Catholic Healthcare West), 2004 Series I (the "2004I Bonds") (collectively, the "2004 Bonds")

The proceeds of the 2004 Bonds were used to refinance the cost of acquisition, construction, expansion, remodeling, renovation, furnishing and equipping of certain health facilities owned and/or operated by the Obligated Group Members, including:

Bakersfield Memorial Hospital
Catholic Healthcare West Southern California
CHW West Bay
Community Hospital of San Bernardino
Dominican Santa Cruz Hospital
Greater Bakersfield Memorial Hospital
Marian Medical Center
Mercy Healthcare Sacramento
Mercy Hospital of Folsom
Mercy San Juan Hospital
Mercy General Hospital
Mercy Healthcare San Diego
Mercy Hospital and Medical Center
Mercy Medical Center of Redding, Inc.
Methodist Health Institutions of Sacramento
Methodist Hospital of Sacramento
Mt. Shasta California Hospital
Santa Cruz California Hospital
Sequoia Hospital
St. Francis Memorial Hospital
St. John's Regional Medical Center
St. Joseph's Hospital of Stockton
St. Joseph's Medical Center of Stockton
St. Joseph's Regional Health System
St. Mary's Hospital and Medical Center

[1] The names of the facilities listed in this Exhibit A were the names of such facilities at the time of the applicable bond financing. Subsequent to the financings, the names of some of the facilities were changed. In addition, certain facilities listed herein were subsequently disposed of by the Borrower. Any dispositions would have been remediated.

Revenue Bonds (Catholic Healthcare West), 2008 Series H-L (the "2008 Bonds")

The proceeds of the 2008 Bonds were used to finance and/or refinance the costs of capital improvements at the Obligated Group Members' acute care hospitals and other health care facilities in California, including:

Bakersfield Memorial Hospital
Community Hospital of San Bernardino
Dominican Santa Cruz Hospital
Marian Medical Center
Mercy General Hospital
Mercy Healthcare Sacramento
Mercy Hospital of Folsom
Mercy San Juan Hospital
Mercy Medical Center of Redding, Inc.
Mercy Medical Center Merced
Mercy San Juan Medical Center
Methodist Hospital of Sacramento
Northridge Hospital Medical Center
O'Connor Hospital
Sequoia Health Services
Sierra Nevada Memorial-Miner's Hospital
South Valley Hospital
St. Elizabeth Community Hospital
St. Francis Medical Center
St. Francis Memorial Hospital
St. John's Pleasant Valley Hospital
St. Joseph's Medical Center of Stockton
St. Joseph's Regional Health System
St. Vincent Medical Center

Variable Rate Health Facility Revenue Bonds (Catholic Healthcare West), 2009 Series D (the "2009D Bonds")

The proceeds of the 2009D Bonds were used (i) to current refund the California Health Facilities Financing Authority Variable Rate Health Facility Revenue Bonds (Catholic Healthcare West), 2008 Series C, D and E; (ii) to current refund the California Statewide Communities Development Authority Variable Rate Health Facility Revenue Bonds (Catholic Healthcare West), 2008 Series G; (iii) to finance the acquisition, construction and improvement to the health facilities owned and operated by the Borrower or its affiliates; and (iv) to pay costs of issuance.

CHFFA 2008 Series C, D and E

A portion of the proceeds of the California Health Facilities Financing Authority Variable Rate Health Facility Revenue Bonds (Catholic Healthcare West), 2008 Series C, D and E were used to finance and refinance the cost of certain capital improvements and equipment acquisitions at (i) the following health facilities owned and operated by the Borrower:

Dominican Hospital
Marian Medical Center
Mercy General Hospital
Mercy Hospital Folsom
Mercy Medical Center—Mt. Shasta
Mercy Medical Center—Redding
Mercy San Juan Medical Center
Methodist Hospital of Sacramento
St. John's Regional Medical Center
St. Joseph's Medical Center of Stockton
St. Mary's Medical Center—SF

(ii) the following health facility owned and operated by Saint Francis Memorial Hospital:

Saint Francis Memorial Hospital

and (iii) the following health facility owned and operated by Bakersfield Memorial Hospital:

Bakersfield Memorial Hospital

CSCDA 2008 Series G

A portion of the proceeds of the California Statewide Communities Development Authority Variable Rate Health Facility Revenue Bonds (Catholic Healthcare West), 2008 Series G were used to finance and refinance the cost of certain capital improvements and equipment acquisitions at (i) the following health facilities owned and operated by the Borrower:

Arroyo Grande Community Hospital
California Hospital Medical Center
French Hospital
Glendale Memorial Hospital
Marian Medical Center
Mercy General Hospital
Mercy Hospital (Bakersfield)
Mercy Hospital Folsom
Mercy Medical Center Merced
Mercy Medical Center—Mt. Shasta
Mercy Medical Center—Redding
Mercy San Juan Medical Center
Mercy Southwest Hospital
Methodist Hospital of Sacramento
Sequoia Health Services
St. Bernardine Medical Center

St. Elizabeth Community Hospital
St. John's Pleasant Valley Hospital
St. John's Regional Medical Center
St. Joseph's Medical Center of Stockton
St. Mary Medical Center—Long Beach
St. Mary's Medical Center—SF
St. Vincent Medical Center
Woodland Memorial Hospital

(ii) the following health facility owned and operated by Community Hospital of San Bernardino:

Community Hospital of San Bernardino

(iii) the following health facility owned and operated by Saint Francis Memorial Hospital:

Saint Francis Memorial Hospital

and (iv) the following health facility owned and operated by Sierra Nevada Memorial Hospital:

Sierra Nevada Memorial Hospital

2009 Project

A portion of the proceeds of the 2009D Bonds were used to finance the cost of certain capital improvements and equipment acquisitions at (i) the following health facilities owned and operated by the Borrower: St. Mary's Medical Center, Mercy General Hospital, St. Joseph Medical Center of Stockton, Mercy San Juan Medical Center, Dominican Hospital, Marian Medical Center and Woodland Memorial Hospital, and (ii) the following health facility owned and operated by Saint Francis Memorial Hospital: Saint Francis Memorial Hospital.

Variable Rate Health Facility Revenue Bonds (Catholic Healthcare West), 2009 Series F (the "2009F Bonds")

The proceeds of the 2009F Bonds were used (i) to current refund the California Health Facilities Financing Authority Variable Rate Health Facility Revenue Bonds (Catholic Healthcare West), 2008 Series A, B and F, and (ii) to current refund the California Statewide Communities Development Authority Variable Rate Health Facility Revenue Bonds (Catholic Healthcare West), 2008 Series F, which were used to finance and refinance the cost of certain capital improvements and equipment acquisitions at the following health facilities:

Arroyo Grande Community Hospital
Bakersfield Memorial Hospital
California Hospital Medical Center
Community Hospital of San Bernardino
Dominican Hospital
French Hospital
Glendale Memorial Hospital

Marian Medical Center
Mercy General Hospital
Mercy Hospital (Bakersfield)
Mercy Hospital Folsom
Mercy Medical Center Merced
Mercy Medical Center—Mt. Shasta
Mercy Medical Center—Redding
Mercy San Juan Medical Center
Mercy Southwest Hospital
Methodist Hospital of Sacramento
Northridge Hospital Medical Center
Saint Francis Memorial Hospital
Sequoia Hospital
Sierra Nevada Memorial Hospital
St. Bernardine Medical Center
St. Elizabeth Community Hospital
St. John's Pleasant Valley Hospital
St. John's Regional Medical Center
St. Joseph's Medical Center of Stockton
St. Mary Medical Center—Long Beach
St. Mary's Medical Center—SF