CHFFA REVENUE BOND FINANCING PROGRAM
EXECUTIVE SUMMARY

Applicant:	Scripps Health ("Scripps") 10140 Campus Point Drive San Diego, California 92121 San Diego County	**Amount Requested:** **Date Requested:** **Requested Loan Term:** **Resolution Number:**	$99,360,000 September 26, 2019 Up to 40 years 438
Project Sites:	*Please see Exhibit 1*		
Facility Types:	General acute, sub-acute and outpatient care		
Eligibility:	Government Code 15432(d)(1)		
Prior Borrower:	Yes (last CHFFA issue, January 2017)		
Obligated Group:	Scripps is the sole member of the Obligated Group		

Background: Established in 1924 and headquartered in San Diego, Scripps is a nonprofit public benefit corporation, which provides quality, safe, and cost-effective healthcare services throughout San Diego County. Scripps provides healthcare services to approximately 700,000 patients annually through the dedication of 2,475 affiliated physicians and more than 15,000 employees among its five acute-care hospital campuses, home health care services, and an ambulatory care network of physician offices and 29 outpatient centers and clinic.

Use of Proceeds: Scripps intends to use bond proceeds to refund all or a portion of the outstanding CHFFA Series 2010A Bonds. Refunding the outstanding 2010A bonds is expected to provide Scripps with a net present value savings of approximately $28.1 million over the life of the bonds.

Type of Issue: Private Placement
Expected Credit Rating: Unrated – *Please see Guidelines Discussion on page 3*
Financing Team: *Please see Exhibit 2 to identify possible conflicts of interest*

Financial Overview: Scripps' income statement continues to post positive operating results during the review period from FY 2016 to FY 2018. Scripps appears to have a solid financial position with a pro-forma operating debt service coverage ratio of 4.91x.

Estimated Sources of Funds:			**Estimated Uses of Funds:**	
Bond proceeds	$	99,360,000	Refunding	$ 99,360,000
Equity Contribution		500,000	Financing Cost	500,000
Total Estimated Sources	$	99,860,000	**Total Estimated Uses**	$ 99,860,000

Due Diligence: Staff has reviewed Eligibility and received Legal Review, Religious Affiliation, and Seismic Regulations documentation, and the Certifications for Community Service Obligation, Pass-Through Savings, and the Iran Contracting Act. CEQA documentation are not applicable in this transaction. All documentation satisfies the Authority's requirements.

Staff Recommendation: Staff recommends the Authority approve Resolution Number 438 in an amount not to exceed $99,360,000 for Scripps Health subject to the conditions in the resolution. TAP International, Inc., the Authority's financial analyst, and KNN Public Finance LLC, the Authority's municipal advisor, concur with the Authority's staff recommendation.

I. PURPOSE OF FINANCING:

Scripps is embarking on a plan to refinance its debt and take advantage of current favorable market conditions to refund all or a portion of the outstanding CHFFA Series 2010A Bonds. Under current market conditions, Scripps anticipates a net present value savings of approximately $28.1 million over the life of the refunding bonds. The bonds will be privately placed with DNT Asset Trust (the "Initial Purchaser"), a subsidiary of JP Morgan Chase Bank N.A.

Refunding* ....** ***$99,360,000

Scripps plans to refund all or a portion of its CHFFA Series 2010A Bonds (the "2010A Bonds"), of which approximately $99,360,000 remains outstanding. The 2010A Bonds were originally issued in February 2010 in the amount of $120,000,000 to finance capital projects at certain Scripps health facilities. Some of the major elements for which proceeds of the 2010A Bonds were used included the following:

Acquisition of, improvements to, and equipping of administrative support facilities for the Scripps Health system. Additionally, bond proceeds were used for the construction of a parking structure and central energy plant, renovation of an emergency department, health care facility building improvements, seismic upgrades, renovations, new pharmacy facilities, and the acquisition and installation of equipment.

Financing Cost* ....** ***500,000

Estimated cost of issuance...................................... $500,000

Total Estimated Uses of Funds **$99,860,500**

II. GUIDELINES DISCUSSION:

Scripps Health Series 2019A Bonds (the "2019 Bonds") will be an unrated, direct placement with the Initial Purchaser. The following guidelines have been applied to the issuance of the 2019 Bonds:

- Must be privately placed with and transferred only to a "Qualified Institutional Buyer" ("QIB") as defined by SEC Rule 144A, promulgated under the Securities Act of 1933, as amended (provided that transfers to an affiliate or to a trust or other custodial arrangement established by the Initial Purchaser or one of its affiliates, the owners of any beneficial interest in which are limited to QIBs will satisfy this provision);
- Minimum denomination of $250,000;
- Unconditional Promise to Pay from Borrower;
- Investor Letter required at issuance;
- Bond transfer restrictions must be noted conspicuously on the bonds themselves; and
- Bonds must be physically delivered.

All of the foregoing requirements are designed to maximize the likelihood that the unrated 2019 Bonds will be placed with more sophisticated investors given the higher risk typically perceived to be associated with unrated debt. The 2019 Bonds are not rated at this time because the Initial Purchaser does not require a rating. The Initial Purchaser is required to be a QIB under SEC Rule 144A and will make an independent credit determination to purchase the 2019 Bonds, as applicable. The foregoing will be reflected in an Investor Letter (or equivalent provisions in the Bond Purchase Contract).

III. PROPOSED COVENANTS, SECURITY PROVISIONS AND DISCLOSURES:

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

After reviewing the Obligated Group's credit profile, including its current financial profile, prior bond transactions, and considering what the market will support, Scripps and its Financial Advisor, Ponder & Co., KNN Public Finance, LLC ("KNN"), the Authority's Municipal Advisor, and the Initial Purchaser have all concluded the below listed covenants should be applicable to this transaction, are consistent with covenants that have applied to Scripps' prior bond transactions, and that Scripps' current financial situation does not suggest additional covenants should be required.

Obligated Group: Scripps will be the sole member of the Obligated Group and the borrower under the Loan Agreement with the Authority. Scripps is a California nonprofit public benefit corporation, which is solely and severally obligated under a Master Indenture with respect to payments on the 2019 Bonds and other parity debt. All covenants below are applicable to the Obligated Group.

The following covenants are applicable to this transaction[1]:

Unconditional Promise to Pay. *Scripps agrees to pay the Bond Trustee all amounts required for principal, interest and redemption premium, if applicable, and other payments and expenses designated in the Loan Agreement. The Obligated Group guarantees all such payments under a Master Indenture Obligation. All Revenues (which will include payments by Scripps under the Loan Agreement and payments by the Obligated Group) and any other amounts held in a designated fund or account under the Bond Indenture are pledged to secure the full payment of the 2019 Bonds.*

Pledge of Gross Revenues. *The Obligated Group pledges to the Master Trustee for the benefit of Holders of Obligations (which are all parity lenders and parity bond trustees) a security interest in, general lien upon, and the right of setoff against all of its right, title and interest in its revenues, income and money received (the "Gross Revenues"), subject to the specific terms of the Master Indenture.*

Negative Pledge Against Prior Liens. *The Obligated Group agrees not to create, assume or permit any Lien upon the Gross Revenues or its Property other than Permitted Encumbrances.*

Limited Permitted Encumbrances. *The Obligated Group is subject to a restrictive set of allowable encumbrances it may incur pursuant to the Master Indenture.*

[1] Capitalized terms defined in the Indenture.

Rates, Fees and Charges. *The Master Indenture requires rates, fees and charges to be fixed such that, in each fiscal year, Income Available for Debt Service is at least 1.10 times Annual Debt Service for each Fiscal Year. This requirement measures Scripps' ability to make interest and principal payments as they become due by assessing the amount of revenue available to meet debt service payments.*

Additional Debt Limitation. *The Obligated Group is prohibited from incurring additional Indebtedness unless authorized by the financial performance or projection measures set out in the Master Indenture.*

Disposition of Cash and Property Limitations. *The Obligated Group agrees not to sell, lease or dispose of any property, plant or equipment or liquid assets unless authorized by various limiting measures set out in the Master Indenture.*

There will not be a debt service reserve account pledged to the 2019 Bonds.

Staff has completed its due diligence, and KNN has reviewed the draft Loan Agreement, Indenture, and Bond Purchase Agreement associated with this financing package and found these documents and proposed guidelines to be acceptable.

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IV. FINANCIAL STATEMENTS AND ANALYSIS:

SCRIPPS HEALTH AND AFFILLIATES
(Obligated Group Only)
Consolidated Statements of Operations and
Changes in Unrestricted Controlling Net Assets
($ in Thousands)

	Year ended September 30,		
	2018	**2017**	**2016**
Unrestricted net assets:			
Operating revenues:			
Patient service revenues less provision for bad debts, net of contractual allowances and discounts	$ 2,553,958	$ 2,445,676	$ 2,397,208
Provision for bad debts	(44,304)	(47,632)	(46,173)
Net patient service revenue less provision for bad debts	2,509,654	2,398,044	2,351,035
Provider fee	241,538	41,804	89,279
Net patient service revenues	2,751,192	2,439,848	2,440,314
Capitation premium	159,307	148,189	133,613
Meaningful use	-	-	2,396
Other	90,937	97,570	94,160
Net assets released from restrictions used for operations	21,887	27,999	27,277
Total operating revenues	$ 3,023,323	$ 2,713,606	$ 2,697,760
Operating expenses:			
Wages and benefits	1,260,325	1,212,961	1,157,391
Supplies	509,966	483,321	461,168
Services	776,326	732,590	702,802
Provider fee	186,285	36,458	69,554
Depreciation and amortization	165,259	156,136	140,828
Interest	26,273	24,133	24,556
Restructuring	14,272	-	-
Total operating expenses	$ 2,938,706	$ 2,645,599	$ 2,556,299
Operating Income	84,617	68,007	141,461
Nonoperating gains:			
Investment income	130,870	276,362	38,952
Unrealized gains on trading portfolio	-	-	100,909
Contributions	4,313	1,943	5,192
Market adjustment on Interest rate swaps	4,273	6,030	(4,247)
Loss on early extingguishment of debt	-	(1,323)	-
Excess of revenue over expenses attributable to controlling interests	$ 224,073	$ 351,019	$ 282,267

For Fiscal Year End September 30,

Payor Source	% Patient Service Revenue		Patient Days			
	2018	2017	2018		2017	
			Total	%	Total	%
Medicare	30.1%	30.0%	93,483	30.3%	94,613	30.9%
Medicare HMO/Risk	18.3%	18.0%	60,879	19.7%	62,986	20.5%
Medi-Cal	15.3%	14.0%	70,951	23.0%	71,017	23.2%
HMO & PPO	28.1%	30.6%	66,668	21.6%	59,661	19.5%
Managed Care Full Risk	4.4%	4.1%	7,879	2.6%	8,203	2.7%
Commercial Insurance	0.6%	0.5%	1,694	0.5%	2,086	0.7%
Worker's Compensation	1.2%	1.1%	1,938	0.6%	2,157	0.7%
Self Pay	2.0%	1.8%	5,187	1.7%	5,781	1.9%
Total	**100.0%**	**100.0%**	**308,679**	**100%**	**306,504**	**100%**

SCRIPPS HEALTH AND AFFILIATES
(Obligated Group Only)
Consolidated Balance Sheets
($ in thousands)

	Year ended September 30,		
	2018	**2017**	**2016**
Assets			
Current assets:			
Cash and cash equivalents	$ 251,491	$ 233,970	$ 222,955
Patient accounts receivable, net	421,403	404,777	319,883
Assets limited as to use	71,184	12,557	12,103
Other current assets	171,814	142,164	140,617
Total current assets	915,892	793,468	695,558
Assets limited as to use	198,038	214,416	204,213
Investments	2,367,418	2,313,349	2,188,999
Property, plant and equipment, net	1,791,693	1,746,629	1,651,615
Other assets	213,575	156,190	158,852
Total assets	$ 5,486,616	$ 5,224,052	$ 4,899,237
Liabilities and net assets			
Current liabilities:			
Current portion of debt	$ 182,674	$ 33,092	$ 158,956
Accounts payable	143,929	106,427	136,787
Accrued liabilities	259,769	263,000	253,915
Total current liabilities	586,372	402,519	549,658
Long-term debt, less current portion	813,990	994,604	904,619
Other liabilities	123,683	115,356	104,749
Total liabilities	1,524,045	1,512,479	1,559,026
Net assets:			
Unrestricted			
Controlling interests	3,764,372	3,509,391	3,144,983
Temporarily restricted	116,743	115,358	108,722
Permanently restricted	81,456	86,824	86,506
Total net assets	3,962,571	3,711,573	3,340,211
Total liabilities and net assets	$ 5,486,616	$ 5,224,052	$ 4,899,237

Financial Ratios:

	Proforma FYE September 30, 2018 [a]	2018	2017	2016
Debt Service Coverage (x) -- Operating	4.91	4.65	1.36	6.89
Debt Service Coverage (x) -- Net	7.39	7.00	2.90	10.05
Debt/Unrestricted Net Assets (x)	0.26	0.26	0.29	0.34
Margin (%)		2.80	2.51	5.24
Current Ratio (x)		1.56	1.97	1.27

[a] Recalculates FY 2018 audited results to include the impact of this proposed financing.

Scripps' income statement continues to post positive operating results during the review period from FY 2016 to FY 2018.

Scripps' operating revenues increased from approximately $2.7 billion in FY 2016 to approximately $3 billion in FY 2018. Overall, total operating revenue grew 12.1% and was primarily driven by increases in net patient service revenues. Net patient service revenues grew from approximately $2.4 billion in FY 2016 to approximately $2.8 billion in FY 2018. According to Scripps, the increases are mainly due to the growth in number of patients and an accounting policy change related to the Provider Fee.

Total operating expenses increased by 15.0% from nearly $2.6 billion in FY 2016 to just over $2.9 billion in FY 2018. The increase in total operating expenses was primarily driven by upticks in labor costs, supplies, and services. Despite increases in expenses, operating revenues still outpaced expenses. As such, Scripps exhibits positive operating results in each fiscal year.

Scripps appears to have a solid financial position with a pro-forma operating debt service coverage ratio of 4.91x.

Scripps' operating debt service coverage ratio appears to be a solid 4.65x in FY 2018. With the proposed financing, the pro-forma debt service coverage ratio for FY 2018 remains solid at 4.91x, which appears to demonstrate Scripps' strong ability to repay its debt. Scripps has displayed conservative use of debt, with an average debt to unrestricted net assets ratio of 0.30x over the review period. As would be expected from the refunding, Scripps debt load remains the same with a pro-forma debt to unrestricted net assets ratio of 0.26x.

Scripps appears to display increasing current assets and liquidity with growing cash and cash equivalents. Scripps' cash and cash equivalents increased from approximately $223 million in FY 2016 to approximately $251.5 million in FY 2018. According to Scripps' management, increase in cash and equivalents was due to positive operating performance over the review period.

V. DUE DILIGENCE:

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

- **Section 15438.5(a) of the Act (Pass-Through Savings):** Scripps properly completed and submitted the Pass-Through Savings Certification. As a not-for-profit, Scripps invests its earnings back into its communities. Scripps has invested $395 million in FY 2018 to support community health programs. Scripps' community benefit contributions include $358 million in uncompensated care, $26 million in professional education and health research, $1.1 million in community building activities, $5.3 million in community health services, and $3.8 million in subsidized health.

- **Section 15459.1 of the Act (Community Service Obligation):** Scripps properly completed and submitted the Community Service Obligation Certification and indicated that Medi-Cal and Medicare patients are accepted. Below is a link to Scripps' 2019 Annual Report regarding community service:

  https://www.scripps.org/sparkle-assets/documents/2019-scripps-community-benefit-report.pdf

- **Compliance with Seismic Regulations:** Scripps properly submitted a description of how it is complying with the Office of Statewide Health Planning and Development's seismic evaluation regulations.

- **Compliance with Section 15455(b) of the Act (California Environmental Quality Act):** CEQA documentation is not applicable to this particular financing, as it is a refunding of the Authority debt only.

- **Religious Affiliation:** Scripps properly completed and submitted relevant documentation to meet the religious affiliation due diligence requirement.

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

- **Iran Contracting Act:** The Iran Contracting Act Certificate is not applicable to this particular financing, as it is a private placement purchase.

VI. OUTSTANDING DEBT (in thousands):

Date Issued	Original Amount	Amount Outstanding as of September 30, 2018 [a]	Estimated Amount Outstanding After Proposed Financing
EXISTING LONG-TERM DEBT:			
CHFFA Variable Rate Revenue Bonds, Series 2001A	$ 60,000	$ 11,100	$ 11,100
CSCDA[b] Variable Rate Revenue Refunding Bonds, Series 2007A	49,995	49,995	49,995
CHFFA Revenue Bonds, Series 2008A	99,020	69,450	69,450
CHFFA Variable Rate Revenue Bonds, Series 2008G	40,975	3,650	3,650
CHFFA Revenue Bonds, Series 2010A	120,000	104,913	-
CHFFA Variable Rate Revenue Bonds, Series 2010B and C	100,000	98,536	98,536
CHFFA Revenue Bonds, Series 2012A	175,000	183,231	183,231
CHFFA Variable Rate Revenue Bonds, Series 2012B and C	100,000	99,282	99,282
CHFFA Revenue Bonds, Series 2016A	50,000	44,970	44,970
CHFFA Revenue Bonds, Series 2016B	100,000	79,774	79,774
CHFFA, Revenue Bonds, Sereis 2017A	160,000	159,574	159,574
Taxable Term Loan 2016	50,000	50,000	50,000
PROPOSED NEW DEBT:			
CHFFA Bonds, Series 2019			**99,360**
TOTAL DEBT		**$ 954,475**	**$ 948,922**

[a] Includes current portion of long-term debt

[b] California Statewide Communities Development Authority

VII. UTILIZATION STATISTICS

	Fiscal Year Ended September 30,		
	2018	**2017**	**2016**
Inpatient Activity			
Licensed Beds	1,453	1,453	1,465
Available Beds	1,235	1,253	1,194
Discharges	70,177	68,309	68,798
Patient Days	306,504	308,679	302,069
Average Daily Census	840	846	825
Average Length of Stay	4.37	4.52	4.39
Occupancy Rate (Licensed Beds)	58%	58%	56%
Occupancy Rate (Available Beds)	68%	67%	69%
Inpatient Surgery Cases	21,668	21,636	21,468
Outpatient Activity			
Hospital Outpatient Total	444,264	435,442	445,370
Hospital Outpatient Surgery Cases	21,430	21,242	21,667
Emergency Services	175,186	171,831	173,616
Scripps Clinic Visits	1,361,642	1,297,454	1,310,772
Scripps Coastal Medical Center Visits	406,292	384,831	391,766
Clinic Outpatient Surgery Center Cases	15,412	14,432	13,851
Urgent Care Visits	91,342	87,172	82,957

VIII. BACKGROUND AND LICENSURE

Background

Founded in 1924 by philanthropist Ellen Browning Scripps, Scripps Health is a $2.9 billion not-for-profit integrated health system based in San Diego, California. Scripps treats more than 700,000 patients annually through the dedication of 2,475 affiliated physicians and more than 15,000 employees among its five acute-care hospital campuses, home health care services, and an ambulatory care network of physician offices and 29 outpatient centers and clinic. Scripps also offers payer products and population health services through Scripps Accountable Care Organization, Scripps Health Plan and customized narrow network plans in collaboration with third-party payers.

Today, the health system extends from Chula Vista to Oceanside and is dedicated to improving community health while advancing medicine. Recognized as a leader in disease and injury prevention, diagnosis and treatment, Scripps is also at the forefront of clinical research and wireless health care. With three highly respected graduate medical education programs, Scripps is a longstanding member of the Association of American Medical Colleges. Scripps has been ranked five times as one of the nation's best health care systems by Truven Health Analytics division of IBM Watson Health. Its hospitals are consistently ranked by U.S. News & World Report among the nation's best, and Scripps is regularly recognized by Fortune magazine, Working Mother magazine and AARP as one of the best places in the nation to work.

The mission of Scripps is to provide superior health services in a caring environment and to make a positive, measurable difference in the health of individuals in the community it serves. Scripps is devoted to delivering quality, safe, cost-effective, socially responsible health care services, and it advances clinical research, community health education, education of physicians and health care professionals and sponsors graduate medical education. Scripps collaborates with others to deliver the continuum of care that improves the health of the surrounding community.

Licenses and Contracts

Each of the hospital facilities is appropriately licensed by the California Department of Public Health for the level of care it delivers and is certified to participate in the Medicare program and in the Medi-Cal program, and each is accredited by The Joint Commission.

EXHIBIT 1

PROJECT SITES

- Scripps Health Campus Point, 4275 Campus Point Court, San Diego, CA 92121;
- Scripps Health Annex, 10010 Campus Point Drive, San Diego, CA 92121;
- Scripps Mercy Hospital Chula Vista, 435 “H” Street, Chula Vista, CA 91910;
- Scripps Memorial Hospital Encinitas, 300 and 354 Santa Fe Drive, Encinitas, CA 92024;
- Scripps Green Hospital, 10666 and 10710 North Torrey Pines Road, Parking Structure, 3506 Cray Court, San Diego, Lot 8, Bounded by North Torrey Pines Road and John Jay Hopkins Drive, San Diego, CA 92037;
- Scripps Memorial Hospital La Jolla, 9888, 9902 and 9904 Genesee Avenue, the unimproved lot bounded by the San Diego Freeway, Genesee Avenue and Voigt Drive, San Diego, CA 92037;
- Scripps Mercy Hospital, 4020, 4040 and 4077 Fifth Avenue, Parking Structure, 4149 Fourth Avenue, Employee Parking Lot on 6th Avenue, 540 Lewis Street, San Diego, CA 92103;
- Scripps Health, land south of Salk Avenue between College Boulevard and El Camino Real, Carlsbad, CA 92008;
- Scripps Health, 12395 El Camino Real, San Diego; Scripps Health, 9834, 9894 and 9900 Genesee Avenue, San Diego, CA 92130;
- Scripps Health, 310, 320 and 332 Santa Fe Drive, Encinitas, CA 92024;
- Scripps Health, 550 Washington Street, San Diego, CA 92103;
- Scripps Health, land adjacent to the southeast corner of Craven Road and Discovery Street, San Marcos, CA 92078

EXHIBIT 2

FINANCING TEAM

Borrower:	Scripps Health
Issuer's 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 LLP
Borrower's Financial Advisor:	Ponder & Co.
Bond Counsel:	Orrick, Herrington & Sutcliffe, LLP
Private Placement Purchaser:	DNT Asset Trust (subsidiary of) JP Morgan Chase Bank N.A.
Purchaser's Counsel:	Chapman and Cutler, LLP
Master Trustee:	The Bank of New York Mellon Trust Company, N.A.
Trustee:	U.S. Bank National Association
Trustee's Counsel:	Dorsey & Whitney LLP
Auditor:	Ernst & Young LLP

RESOLUTION NO. 438

RESOLUTION OF THE CALIFORNIA HEALTH FACILITIES FINANCING AUTHORITY AUTHORIZING THE ISSUANCE OF REVENUE BONDS TO REFINANCE PROJECTS AT THE HEALTH FACILITIES OF SCRIPPS HEALTH

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, Scripps Health (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 care facilities in the State of California; and

WHEREAS, the Authority has previously issued its Revenue Bonds (Scripps Health), Series 2010A in the original aggregate principal amount of $120,000,000 (the "Prior Bonds"), of which $99,360,000 is currently outstanding, and loaned the proceeds thereof to the Corporation to finance the acquisition, construction, equipping and improvement of certain facilities owned and operated by the Corporation (as more particularly described 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 $99,360,000, and make one or more loans of the proceeds thereof to the Corporation to refund all of the Prior Bonds; and

WHEREAS, the Bonds will be purchased by or privately placed with DNT Asset Trust (the "Initial Purchaser"), a subsidiary of JPMorgan Chase Bank, National Association, each a "Qualified Institutional Buyer" as defined under Rule 144A of the Securities Act of 1933, as amended, for the purpose of refunding the Prior Bonds; 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 Prior Project has complied with Division 13 (commencing with Section 21000) of the Public Resources Code or is not a "project" under such division; and

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

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

Section 1. Pursuant to the Act, revenue bonds of the Authority designated as the "California Health Facilities Financing Authority Revenue Refunding Bonds (Scripps Health), Series 2019A" (the "Bonds"), in a total aggregate principal amount not to exceed $99,360,000, 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 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 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 will not at issuance be rated by any rating agency. The Bonds or any series of them may, at the sole option of the Corporation, be secured by deeds of trust, a reserve fund, bond insurance, credit facility and other security arrangements and/or supported by one or more liquidity facilities.

Section 3. The proposed forms of the following documents:

(i) one or more Loan Agreements relating to the Bonds (the "Loan Agreements"), between the Authority and the Corporation,

(ii) one or more Bond Indentures relating to the Bonds (the "Bond Indentures"), between the Authority and U.S. Bank National Association, as bond trustee (the "Trustee"), and

(iii) one or more Bond Purchase Contracts, including the exhibits thereto, relating to the Bonds (the "Purchase Contracts"), among the Initial Purchaser, the Treasurer and the Authority, and approved by the Corporation.

are hereby approved in substantially the forms on file with the Authority prior to this meeting, with such insertions, deletions or changes therein (including, without limitation, insertions, deletions or changes therein appropriate to reflect provisions relating to a deed of trust, a bond reserve fund, bond insurance, any other credit and/or liquidity facility and/or another security arrangement, at the sole option of the Corporation, for any series of Bonds) as the officer executing the same may require or approve, such approval to be conclusively evidenced by execution and delivery thereof. The Executive Director shall seek the advice of bond counsel and counsel to the Authority with respect to any such insertions, deletions or changes therein.

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

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

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

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

Section 8. The provisions of the Authority's Resolution No. 2018-09 apply to the documents and actions approved in this Resolution.

Section 9. 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.

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

Date of Adoption: ______________________________

EXHIBIT A

Prior Project:

The "**Prior Project**" consisted of financing the acquisition, construction, renovation, equipping and improvement to the health facilities owned and operated by the Corporation or its affiliates at the following locations:

Scripps Health Campus Point, 4275 Campus Point Court, San Diego; Scripps Health Annex, 10010 Campus Point Drive, San Diego; Scripps Mercy Hospital Chula Vista, 435 "H" Street, Chula Vista; Scripps Memorial Hospital Encinitas, 300 and 354 Santa Fe Drive, Encinitas; Scripps Green Hospital, 10666 and 10710 North Torrey Pines Road, Parking Structure, 3506 Cray Court, San Diego, Lot 8, Bounded by North Torrey Pines Road and John Jay Hopkins Drive; Scripps Memorial Hospital La Jolla, 9888, 9902 and 9904 Genesee Avenue, the unimproved lot bounded by the San Diego Freeway, Genesee Avenue and Voigt Drive, San Diego; Scripps Mercy Hospital, 4020, 4040 and 4077 Fifth Avenue, Parking Structure, 4149 Fourth Avenue, Employee Parking Lot on 6th Avenue, 540 Lewis Street, San Diego; Scripps Health, land south of Salk Avenue between College Boulevard and El Camino Real, Map 15253, Carlsbad; Scripps Health, 12395 El Camino Real, San Diego; Scripps Health, 9834, 9894 and 9900 Genesee Avenue, San Diego; Scripps Health, 310, 320 and 332 Santa Fe Drive, Encinitas; Scripps Health, 550 Washington Street, San Diego; Scripps Health, land adjacent to the southeast corner of Craven Road and Discovery Street, Map 0806, San Marcos; all in California.

The major Prior Project elements for which proceeds of the Prior Bonds were used included the following:

Acquisition of, improvements to and equipping of administrative support facilities for the Scripps Health system at its corporate offices and an additional annex location (Scripps Health Campus Point locations detailed above).

Construction of a parking structure and central energy plant, renovation of emergency department and other hospital and health care facility building improvements, including seismic upgrades, and acquisition and installation of equipment at Scripps Mercy Hospital, San Diego (at the locations detailed above).

Construction, renovation, building improvements, including seismic upgrades, and acquisition and installation of equipment at Scripps Mercy Hospital, Chula Vista (at the locations detailed above).

Construction of a parking structure, renovation, building improvements, including seismic upgrades, expansion of facilities and services in the birthing pavilion, and acquisition and installation of equipment at Scripps Memorial Hospital, Encinitas (at the locations detailed above).

Construction of a parking structure and a facility for expansion of radiation oncology, renovation, building improvements, including seismic upgrades, new pharmacy facilities and expanded operating rooms and supporting facilities, and acquisition and installation of equipment at Scripps Green Hospital, San Diego (at the locations detailed above).

Construction of building improvements and renovations, including seismic upgrades and the design and planning of facilities for the Scripps Cardiovascular Institute, and acquisition and installation of equipment at Scripps Memorial Hospital, La Jolla (at the locations detailed above).