

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

<b>Applicant/ Borrower:</b>	Providence St. Joseph Health (Providence) 1801 Lind Avenue SW Renton, WA 98057 (King County) (Corporate headquarters)	<b>Amount Requested:</b>	\$365,000,000
		<b>Requested Loan Term:</b>	Up to 40 years
		<b>Authority Meeting Date:</b>	May 29, 2025
		<b>Resolution Number:</b>	465
<b>Project Site:</b>	See Exhibit 1		
<b>Facility Types:</b>	Acute care, psychiatric, and skilled nursing		
<b>Eligibility:</b>	Government Code section 15432(d) (1), (2), and (3)		
<b>Prior Borrower:</b>	Yes (date of last CHFFA issue, August 2019)		
<b>Obligated Group:</b>	The Obligated Group (Obligated Group) is identified in Section VII		
<b>Background:</b> Providence is a not-for-profit health system headquartered in Renton, Washington. In 2016, Providence Health & Services combined with St. Joseph Health System to form Providence. As of March 31, 2025, Providence is comprised of 51 acute care hospitals, 1,000 clinics, 17 long-term care facilities, 19 supportive housing facilities and many other health and educational services. The health system employs more than 124,000 people across seven states – Alaska, California, Montana, New Mexico, Oregon, Texas and Washington.			
<b>Use of Proceeds:</b> Bond proceeds will be used to refund a portion of Providence’s existing debt to consolidate certain bonds across Providence’s bond portfolio, and to refinance short-term line of credit debt into long-term bond debt. Providence does not anticipate significant savings from the refunding.			
<b>Type of Issue:</b> Negotiated public offering, tax-exempt fixed rate and/or long-term rate bonds issued under multimodal bond indentures <sup>1</sup>			
<b>Expected Credit Rating:</b> A/ A (S&P/ Fitch)			
<b>Financing Team:</b> <i>Please see Exhibit 2 to identify possible conflicts of interest</i>			
<sup>1</sup> A “multimodal bond indenture” allows the selection of different interest rate modes over time.			
<b>Financial Overview:</b> Providence has exhibited increasing total revenues over the review period, supported by net patient service revenues. Providence’s total assets increased during the review period and exhibited a pro-forma FY 2024 operating debt service coverage ratio of 2.0x for FY 2024.			
<b>Estimated Sources of Funds:</b>		<b>Estimated Uses of Funds:</b>	
Par amount of bonds	\$365,000,000	Refunding	\$359,235,000
		Financing Costs	5,765,000
Total Estimated Sources	<u>\$365,000,000</u>	Total Estimated Uses	<u>\$365,000,000</u>
<b>Due Diligence:</b> Staff has confirmed the following documentation provided by Providence satisfies the California Health Facilities Financing Authority’s (Authority or CHFFA) requirements: Eligibility, Legal Review, and the certifications for Pass-Through Savings, Community Service Obligation, and the Iran Contracting Act.			
<b>Staff Recommendation:</b> Staff recommends the Authority approve Resolution Number 465 in an amount not to exceed \$365,000,000 for Providence St. Joseph Health, subject to the conditions in the resolution. TAP International, Inc., the Authority’s financial analyst, and KNN Public Finance, LLC (KNN), the Authority’s municipal advisor, concur with the Authority’s staff recommendation.			

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

## **I. PURPOSE OF FINANCING:**

Providence is requesting the Authority issue tax-exempt bonds in an amount not to exceed \$365 million to refund and consolidate a portion of its existing debt, which includes a line of credit and the CHFFA Series 2013 A, 2016 B-3, and 2019 C bonds. Providence used its line of credit to pay off the existing CHFFA Series 2013 D, 2016 B-1 & 2016 B-2 bonds as mandatory tender dates came due. The 2016 B-3 and 2019 C bonds were issued as put bonds with each having a mandatory tender date in October 2025. The 2013 A bonds are callable and will allow Providence to move its legacy St. Joseph Health System bonds under the Providence St. Joseph Health name. Providence may receive savings from refinancing the short-term line of credit into a long-term bond but does not anticipate significant savings from the refunding overall. Concurrently with the tax-exempt bond financing, Providence plans to issue corporate taxable bonds up to \$400 million to also pay down its line of credit.

**Refunding ..... \$359,235,000**

### **Line of Credit**

Providence used its line of credit to pay off the St. Joseph Health System 2013 D and Providence Health & Services 2016 B-1 & B-2 Bonds.

#### **St. Joseph Health System 2013 D**

The Series 2013 D bonds were originally issued in the amount of \$110,000,000, and the proceeds were used to fund the costs of acquisition, construction, expansion, remodeling, renovation, furnishing, and equipping of certain health facilities, St. Joseph Hospital of Orange, St. Jude Medical Center, St. Mary Medical Center, Santa Rosa Memorial Hospital and St. Joseph Hospital of Eureka. Bond proceeds were also used to refund certain outstanding indebtedness of Hoag Memorial Hospital Presbyterian (Hoag). The Hoag indebtedness was later remediated prior to Hoag's exit from the Obligated Group in January 2022.

#### **Providence Health & Services 2016 B-1 & B-2**

The Series 2016 B-1 & B-2 bonds were originally issued in the amount of \$95,240,000 and \$95,245,000, respectively. Bond proceeds were used to refund the CHFFA Revenue Bonds (St. Joseph Health System) Series 2011 A-D.

#### **CHFFA Series 2013 A (St. Joseph Health System)**

The Series 2013 A bonds were originally issued in the amount of \$324,840,000, of which \$30,560,000 remains outstanding. The Series 2013A bond proceeds were used to fund the costs of acquisition, construction, expansion, remodeling, renovation, furnishing, and equipping of certain health facilities, St. Joseph Hospital of Orange, St. Jude Medical Center, St. Mary Medical Center, Santa Rosa Memorial Hospital and St. Joseph Hospital of Eureka. Bond proceeds were also used to refund certain outstanding indebtedness of Hoag. The Hoag indebtedness was later remediated prior to Hoag's exit from the Obligated Group in January 2022.

**CHFFA Series 2016 B-3 (Providence Health & Services)**

The Series 2016 B-3 bonds were originally issued in the amount of \$95,245,000, all of which remains outstanding. Bond proceeds were used to refund the CHFFA Revenue Bonds (St. Joseph Health System) Series 2011 A-D.

**CHFFA Series 2019 C (Providence Health & Services)**

The Series 2019 C bonds were originally issued in the amount of \$323,760,000, of which \$171,425,000 remains outstanding. Bond proceeds were used to refund the CHFFA Series 2009 A & B revenue bonds and the CHFFA Series 2013 B & C revenue bonds.

<b>Financing Costs.....</b>	<b><u>5,765,000</u></b>
Estimated cost of issuance.....	\$2,882,500
Estimated underwriter's discount.....	<u>2,882,500</u>
<b>Total Estimated Uses of Funds.....</b>	<b><u>\$356,400,000</u></b>

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

This executive summary and recommendations include minimum requirements. Additional or more stringent covenants or disclosures may be added following consultation with Authority staff but without further notification to the Authority's Board. Prior to the issuance of the 2025 Bonds, 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, Providence, KNN Public Finance, LLC (the Authority's municipal advisor), and the underwriters of the proposed bonds have concluded that the covenants listed below align with the interests of Providence, the Obligated Group, the Authority, and the investors, and the Obligated Group's current financial situation does not suggest additional covenants should be required.

Providence, a Washington nonprofit corporation, is the Obligated Group Agent and a member of the Obligated Group under the Master Trust Indenture (the Master Indenture). The Obligated Group consists of Providence and 25 other affiliate members (Members) (see Section VII for a list of Members). These Members operate hospitals and/or health facilities located in the states of Alaska, California, Montana, New Mexico, Oregon, Texas, and Washington. All Members are jointly and severally liable on obligations issued under the Master Indenture with respect to repayments of loan amounts relating to the Authority's bonds and other parity debt. The Master Indenture sets forth certain requirements for additions to, or withdrawals from, Obligated Group membership. Providence is the borrower under the Loan Agreement relating to the 2025 Bonds and is bound by all covenants included therein. The Obligated Group is bound by all covenants included in the Master Indenture.

The following covenants are applicable to this transaction:

**Unconditional Promise to Pay.** *Providence agrees to pay to U.S. Bank Trust Company, National Association, as trustee for the proposed bonds ("the Bond Trustee") all amounts required for principal, interest or redemption premium, if applicable, and other payments and expenses designated in the Loan Agreement or Bond Indenture. Each Obligated Group Member guarantees all such payments through the issuance of a Master Indenture Obligation. All Revenues (as defined in the Bond Indenture) and any other amounts (including proceeds of the sale of 2025 Bonds) held in any fund or account under the Indenture are pledged to secure the full payment of the 2025 Bonds.*

**Negative Pledge Against Liens.** *Each Obligated Group Member agrees not to create, incur or permit any Lien on any Property to secure Indebtedness other than Permitted Encumbrances (such terms as defined in the Master Indenture).*

**Limited Permitted Encumbrances.** *Each Obligated Group Member is subject to a set of allowable liens or encumbrances it may incur pursuant to the Master Indenture.*

**Debt Service Coverage Ratio.** *The Master Indenture contains an agreement to evidence, as of the end of each Fiscal Year, compliance with a Historical Debt Service Coverage Ratio (as defined in the Master Indenture) of at least 1:10 to 1.*

**Limitations on Mergers, Consolidations, Sales or Conveyances.** *Under the Master Indenture, each Obligated Group Member agrees not to merge or consolidate with any other entity that is not an Obligated Group Member, or sell or convey all or substantially all of its Property to any Person (such terms as defined in the Master Indenture) outside of the Obligated Group unless various requirements set forth in the Master Indenture are satisfied.*

**Limitations on Sale, Lease or Other Disposition of Property.** *Except in connection with a merger, consolidation, sale or conveyance permitted by the Master Indenture, the ability of any Obligated Group Member to sell, lease or otherwise dispose of any Property (as defined in the Master Indenture) is not limited by the Master Indenture.*

**Comply with SEC Rule 15c2-12.** *Providence will take such action as is necessary to assist the underwriters in complying with SEC Rule 15c2-12. Providence will contractually agree to disclose designated financial and operating information to the Municipal Securities Rulemaking Board website (EMMA) during the life of the 2025 Bonds and to report designated “material events” such as missed debt service payments, any change in bond ratings, defeasance, redemptions, etc.*

**Staff has completed its due diligence, and KNN has reviewed the bond documents associated with the proposed financing and found these documents and proposed covenants to be acceptable.**

### III. FINANCIAL STATEMENTS AND ANALYSIS:

**Providence St. Joseph Health  
Statement of Activities  
(Income Statement)**

	<b>As of Decemeber 31, (In millions of dollars)</b>		
	<b>2024</b>	<b>2023</b>	<b>2022</b>
<b>Operating revenues:</b>			
Net patient service revenues	\$ 22,591	\$ 20,741	\$ 19,018
Other revenues	3,040	2,579	2,262
Total operating revenues	<u>25,631</u>	<u>23,320</u>	<u>21,280</u>
<b>Operating expenses:</b>			
Salaries and benefits	13,695	13,203	12,236
Supplies	4,613	4,194	3,808
Interest, depreciation, and amortization	1,079	1,305	1,111
Purchased services, professional fees, and other	6,142	5,369	4,816
Total operating expenses	<u>25,529</u>	<u>24,071</u>	<u>21,971</u>
Excess (deficit) of revenues over expenses from operations before restructuring costs and other	102	(751)	(691)
Restructuring costs and other	183	-	247
Deficit of revenues over expenses from operations	<u>(81)</u>	<u>(751)</u>	<u>(938)</u>
<b>Net nonoperating gains (losses):</b>			
Investment income, net	283	420	(714)
Loss from disaffiliation	-	-	(3,408)
Other	(21)	(60)	(64)
Total net operating gains	<u>262</u>	<u>360</u>	<u>(4,186)</u>
Excess (deficit) of revenues over expenses	<u>\$ 181</u>	<u>\$ (391)</u>	<u>\$ (5,124)</u>

**Providence St. Joseph Health**  
**Statements of Financial Position**  
**(Balance Sheet)**

		<b>As of December 31,</b>		
		<b>(In millions of dollars)</b>		
		<b>2024</b>	<b>2023</b>	<b>2022</b>
<b>Assets</b>				
Current assets:				
Cash and cash equivalents		\$ 1,929	\$ 1,375	\$ 458
Accounts receivable		3,482	2,827	2,635
Supplies inventory		329	353	337
Other current assets		1,533	1,889	1,567
Current portion of assets whose use is limited		677	587	417
Total current assets		7,950	7,031	5,414
Assets whose use is limited		3,373	4,024	5,612
Property, plant, and equipment, net		8,510	8,472	8,827
Operating lease right-of-use assets		719	763	842
Other assets		3,778	3,693	2,835
Total assets		<u>\$ 24,330</u>	<u>\$ 23,983</u>	<u>\$ 23,530</u>
<b>Liabilities and Net Assets</b>				
Current liabilities:				
Current portion of long-term debt		\$ 169	\$ 145	\$ 156
Master trust debt classified as short-term		494	138	452
Accounts payable		1,425	1,282	1,681
Accrued compensation		1,555	1,388	1,287
Current portion of operating lease liabilities		135	138	129
Other current liabilities		1,418	1,523	1,222
Total current liabilities		5,196	4,614	4,927
Long-term debt, net of current portion		7,302	7,815	7,321
Pension benefit obligation		519	660	678
Long-term operating lease liabilities, net of current portion		670	731	853
Other liabilities		1,247	1,116	616
Total liabilities		14,934	14,936	14,395
Net assets:				
Net assets without donor restrictions		8,126	7,808	7,986
Net assets with donor restrictions		1,270	1,239	1,149
Total net assets		9,396	9,047	9,135
Total liabilities and net assets		<u>\$ 24,330</u>	<u>\$ 23,983</u>	<u>\$ 23,530</u>
<b>Proforma</b>				
<b>FYE December 31, 2024<sup>(a)</sup></b>		<b>2024</b>	<b>2023</b>	<b>2022</b>
Debt Service Coverage (x) - Operating	2.0	1.5	0.7	1.0
Debt Service Coverage (x) - Net Assets	2.5	1.9	1.0	(6.6)
Debt to Unrestricted Net Assets (x)	0.9	1.0	1.0	1.0
Margin (%)		(0.3)	(3.2)	(4.4)
Current Ratio (x)		1.5	1.5	1.1

<sup>(a)</sup> Recalculates FY 2024 audited results to include the impact of the proposed tax-exempt and taxable bond financings.

The audited, combined financial statements of the Obligated Group were analyzed in this section. The Obligated Group comprises approximately 87% of the total assets and 83% of the total operating revenues of the combined financials.

**Providence has exhibited increasing total operating revenues over the review period, supported by net patient service revenues.**

Providence has exhibited growth in total operating revenues led by net patient service revenues increasing each year of the review period. Providence's net patient service revenue increased 18.8% from approximately \$19.0 billion in fiscal year (FY) 2022 to approximately \$22.6 billion in FY 2024. Providence attributes this increase to both higher patient volumes and increased service rates. Providence also noted that revenue increases were experienced across a number of its service areas, including hospital, physician and outpatient, health plans and other service lines.

In alignment with increasing total operating revenues, Providence's total operating expenses also increased over the review period, growing from approximately \$22.0 billion in FY 2022 to \$25.5 billion in FY 2024, an increase of 16.2%. Expense increases are largely centered in salaries and benefits, which grew from nearly \$12.2 billion in FY 2022 to approximately \$13.7 billion in FY 2024. Providence states increases are due to continued labor shortages and labor inflation, including the impact of negotiations with labor unions. The increases were partly offset by improved productivity.

Providence experienced a deficit from operations each year of the review period. According to Providence's management, Providence is focused on improving reimbursement rates to address the labor inflation experienced since COVID-19 while seeking to improve productivity by leveraging technology to deliver more efficient and effective health outcomes. On January 1, 2025, Providence introduced a new Chief Executive Officer and Chief Operating Officer. The new management team announced that Providence had developed and adopted an Integrated Strategic & Financial Plan called Strategic Direction 2030, which includes streamlining the executive management structure to help Providence sharpen its focus on care delivery, expedite decision-making, and accelerate transformation while focusing on financial sustainability.

**Providence's total assets increased during review period and exhibited a pro-forma FY 2024 operating debt service coverage ratio of 2.0x.**

Providence demonstrates a balance sheet with total assets increasing from approximately \$23.5 billion in FY 2022 to nearly \$24.3 billion in FY 2024. Providence's cash and cash equivalents increased from just about \$458 million in FY 2022 to nearly \$2.0 billion in FY 2024. Providence's management states the increase in cash and cash equivalents was in preparation for an early January payroll as Providence set aside cash during the previous 4<sup>th</sup> quarter and due to a shift in its investments portfolio that emphasized more liquid securities.

Providence's operating debt service coverage ratio (DSCR) was 1.0x in FY 2022, 0.7x in FY 2023, and 1.5x in FY 2024. With the refunding tax-exempt and taxable bonds, Providence's proforma FY 2024 operating DSCR increases to 2.0x, indicating Providence's enhanced ability to repay its debt. Although Providence's financing plan is to consolidate debt, the improved DSCR is due to possible savings from refinancing the line of credit and the payment structure of the new bonds.



#### IV. DUE DILIGENCE:

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

- **Section 15438.5(a) of the Act (Pass-Through Savings):** Providence completed and submitted the Pass-Through Savings Certification.
- **Section 15459.1 of the Act (Community Service Obligation Requirement):** Providence completed and submitted the Community Service Obligation certification and indicated that Medi-Cal and Medicare patients are accepted. Below is a link to Providence's most recent Annual Report regarding community service:

<https://www.providence.org/about/annual-report>

- **Legal Review:** Providence completed and submitted relevant documentation for the Authority's Legal Status Questionnaire.
- **Iran Contracting Act Certificate:** The underwriter completed and submitted the Iran Contracting Act certificates.

#### V. OUTSTANDING DEBT

As of December 31, 2024, the outstanding long-term debt totaled approximately \$7.5 billion, of which approximately \$1.4 billion (18.3%) was comprised of debt issued through the Authority.

With the refunding of the CHFFA bonds and the issuance of the taxable refunding bonds, Providence's total outstanding long-term debt and the amount of debt issued through the Authority will remain at approximately \$7.5 billion and approximately \$1.4 billion (18.3%), respectively.

#### VI. UTILIZATION STATISTICS

##### Providence St. Joseph Health

##### UTILIZATION STATISTICS

	Fiscal Year Ending December 31,		
	2024	2023	2022
Inpatient Admissions	445	427	425
Acute Adjusted Admissions	988	944	912
Case Mix Adjusted Admissions	1,830	1,750	1,671
Acute Patient Days	2,388	2,362	2,430
Long-Term Care Patient Days	361	334	313
Outpatient Visits (incl. Physicians and Telehealth)	28,974	28,808	28,148
Emergency Room Visits	1,995	1,943	1,905
Surgeries and Procedures	703	690	635
Acute Average Daily Census	6,523	6,470	6,659
Providence Health Plan Members	708	707	680

## **VII. BACKGROUND AND LICENSURE**

### **Background**

Providence is a not-for-profit health system headquartered in Renton, Washington. Providence's mission is to provide quality care that is accessible to everyone in the communities they serve, especially the poor and vulnerable, and carry on the work started by the Sisters of Providence and Sisters of St. Joseph more than 160 years ago. Providence services include, as of March 31, 2025, 51 acute care hospitals, over 1,000 clinics, 17 long-term care facilities, 19 supportive housing facilities and many other health and educational services. The health system provides this full range of services and support to serve approximately 30,000 patients each day.

### **Licensure and Memberships**

Each of Providence's facilities is licensed by the California Department of Public Health as a general acute care hospital or skilled nursing facility or is a related facility and is certified to participate in the Medicare and Medi-Cal programs.

### **Obligated Group Members**

The Obligated Group currently consists of Providence and 25 members operating in Alaska, California, Montana, New Mexico, Oregon, Texas and Washington. Each member is jointly and severally obligated to pay the obligations issued under the Master Indenture.

Providence St. Joseph Health  
Providence Health & Services  
Providence Health & Services – Washington  
Providence Health System – Southern California  
Little Company of Mary Ancillary Services Corporation  
Providence Saint John's Health Center  
Providence St. Joseph Medical Center  
Providence Health & Services – Montana  
Providence Health & Services – Oregon  
Providence Health & Services – Western Washington  
Swedish Health Services  
Swedish Edmonds  
PacMed Clinics  
Western HealthConnect  
Kadlec Regional Medical Center  
St. Joseph Health System  
St. Joseph Hospital of Orange  
St. Joseph Health Northern California, LLC  
St. Jude Hospital, Inc. (dba St. Jude Medical Center)  
Mission Hospital Regional Medical Center  
St. Mary Medical Center  
Covenant Health System  
Covenant Medical Center  
Methodist Children's Hospital (dba Covenant Children's Hospital)  
Methodist Hospital Levelland (dba Covenant Hospital Levelland)  
Methodist Hospital Plainview (dba Covenant Hospital Plainview)

### **VIII. STAFF RECOMMENDATION:**

Staff recommends the Authority approve Resolution No. 465 in an amount not to exceed \$365,000,000 for Providence St. Joseph Health, subject to the terms and conditions in the resolution. TAP International, Inc., the Authority's financial analyst, and KNN Public Finance, LLC, the Authority's municipal advisor, concur with the Authority's staff recommendation.

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

The Prior Project consists of the financing and refinancing of the following health facilities:

- 1165 Montgomery Drive, Santa Rosa, CA 95405
- 151 Sotoyome Street, Santa Rosa, CA 95405
- 2700 & 2720 Dolbeer Street, Eureka, CA 95501
- 1100 West Stewart Drive, Orange, CA 92868
- 1000 & 1140 West La Veta Avenue, Orange, CA 92868
- 101 East Valencia Mesa Drive, Fullerton, CA 92835
- 3300 Renner Drive, Fortuna, CA 95540
- 27700 Medical Center Road, Mission Viejo, CA 92691
- 3345 Michelson Drive, Irvine, CA 92612

## **EXHIBIT 2**

### **FINANCING TEAM**

<b>Borrower:</b>	Providence St. Joseph Health
<b>Agent for Sale:</b>	California State Treasurer
<b>Issuer's Counsel:</b>	Office of the Attorney General
<b>Issuer's Municipal Advisor:</b>	KNN Public Finance, LLC
<b>Issuer's Financial Analyst:</b>	TAP International, Inc.
<b>Borrower's Counsel:</b>	Chapman and Cutler LLP
<b>Bond Counsel:</b>	Norton Rose Fulbright US LLP
<b>Underwriters:</b>	BofA Securities, Inc. J.P. Morgan Securities LLC Morgan Stanley & Co. LLC Wells Fargo Bank, N.A. PNC Capital Markets LLC RBC Capital Markets, LLC Barclays Capital Inc.
<b>Underwriters' Counsel:</b>	Hawkins Delafield & Wood LLP
<b>Trustee and Master Trustee:</b>	U.S. Bank Trust Company, National Association
<b>Trustee's and Master Trustee's Counsel:</b>	Thompson Hine, LLP
<b>Rating Agencies:</b>	Standard & Poor's Financial Services, LLC Fitch Ratings, Inc.
<b>Auditor:</b>	KPMG LLP

## **RESOLUTION NO. 465**

### **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 CERTAIN AFFILIATES OF PROVIDENCE ST. JOSEPH 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 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, Providence St. Joseph Health is a nonprofit corporation duly organized and existing under the laws of the State of Washington (the “Borrower”) that is affiliated with St. Joseph Health System, Mission Hospital Regional Medical Center, dba Mission Hospital, St. Joseph Health Northern California, LLC, St. Joseph Hospital of Orange and St. Jude Hospital, dba St. Jude Medical Center, each of which owns and/or operates health care facilities in the State of California (collectively, the “Affiliated Entities”), and is also affiliated with Providence Health & Services;

WHEREAS, the Authority has previously issued its revenue bonds listed in Exhibit B attached hereto (the “Prior Bonds”), in the total outstanding aggregate principal amount of \$486,605,000, and loaned the proceeds thereof to (i) St. Joseph Health System, in the case of the Series 2013A and 2013D Bonds (as defined in Exhibit B), (ii) Providence Health & Services, in the case of the Series 2016B-1, 2016B-2 and 2016B-3 Bonds (as defined in Exhibit B), and (iii) the Borrower, in the case of the Series 2019C Bonds (as defined in Exhibit B), in order to finance and refinance the acquisition, construction, renovation and equipping of certain health facilities of the Affiliated Entities located in California, all as more particularly described in Exhibit A attached hereto (the “Prior Project”);

WHEREAS, certain of the Prior Bonds, in the aggregate principal amount of \$189,375,000 (the “Prepaid Prior Bonds”), have been redeemed by the Borrower with taxable line of credit moneys and are no longer outstanding, and certain of the Prior Bonds, in the aggregate principal amount of \$260,930,000 (the “Outstanding Prior Bonds”), remain outstanding, all as described in Exhibit B attached hereto;

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 \$365,000,000, and make one or more loans of the proceeds thereof to the Borrower to (i) refund all or a portion of the Outstanding Prior Bonds, (ii) refinance all or a portion of the Prepaid Prior Bonds, and (iii) 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 provided documentation to the Authority, 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 Bonds (Providence St. Joseph Health)” (the “Bonds”), in a total aggregate principal amount not to exceed \$365,000,000, are hereby authorized to be issued from time to time, in one or more series, bearing interest at variable or fixed rates, with such other name or names of the Bonds or series thereof as designated in the 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 the first anniversary of the date of this Resolution, at public or private sale, in such aggregate principal amounts (not to exceed the aggregate principal amount set forth in Section 1), and in such series, at such prices (so long the discount on the Bonds sold shall not exceed six 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:

(i) the form of Loan Agreement relating to the Bonds (the “Loan Agreement”), between the Authority and the Borrower,

(ii) the form of Bond Indenture relating to the Bonds (the “Bond Indenture”), between the Authority and U.S. Bank Trust Company, National Association, as bond trustee (the “Trustee”), which may be used to issue bonds bearing interest with variable rates or fixed rates,

(iii) the form of Bond Purchase Agreement, including the exhibits thereto, relating to the Bonds (the “Purchase Agreement”), among BofA Securities, Inc., as the representative of J.P. Morgan Securities LLC, Morgan Stanley & Co. LLC, Wells Fargo Bank, National Association, PNC Capital Markets LLC, RBC Capital Markets, LLC and Barclays Capital, Inc. (collectively, the “Underwriters”), the Treasurer and the Authority, and approved by the Borrower, and

(iv) the form of Preliminary Official Statement relating to the Bonds (the "Preliminary Official Statement"),

are hereby approved in substantially the forms on file with the Authority prior to this meeting, with such insertions, deletions or changes therein (including, without limitation, insertions, deletions or changes therein appropriate to reflect provisions relating to a deed of trust, a bond reserve fund, bond insurance, any other credit and/or liquidity facility and/or another security arrangement, at the sole option of the 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 Purchase Agreement and by delivery thereof in the case of the Preliminary Official Statement. One or more Loan Agreements, Bond Indentures, Purchase Agreements and Official Statements (as defined below) may be entered into if Bonds bearing both variable rates and fixed rates of interest are to be issued or different series of Bonds are to be issued. 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 respective date or dates of issue), interest rates, methods of determining 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 the Bond Indenture, as finally executed.

SECTION 6. The Underwriters are hereby authorized to distribute one or more Preliminary Official Statements for the Bonds of each series to persons who may be interested in the purchase of such Bonds offered in such issuance, it being understood that, at the discretion of the Underwriters (in consultation with the Borrower), a preliminary official statement may not be used with respect to any series of Bonds. The Underwriters are hereby directed to deliver a final official statement (the "Official Statement") 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 Underwriters thereof in accordance with written instructions executed on behalf of the Authority, which instructions are hereby approved. Said instructions shall provide for the delivery of the Bonds to or upon direction of the Underwriters, as determined and confirmed by the Treasurer, upon payment of the purchase price thereof.

SECTION 8. Each officer of the Authority is hereby authorized and directed, for and in the name of and on behalf of the Authority, to do any and all things which they may deem necessary or advisable in order to consummate the issuance, sale, and delivery of the Bonds and otherwise to effectuate the purposes of this Resolution and the Bond Indentures, Loan Agreements, Purchase Agreements and Official Statements. 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. 2023-06, or a superseding resolution subsequently adopted by the Authority, apply to the documents and actions approved in this Resolution.

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

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

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

**EXHIBIT A**  
**PRIOR PROJECT**

The Prior Project consists of the following health facilities that are being refinanced with proceeds of the Bonds:

- (a) **Providence Santa Rosa Memorial Hospital**, a general acute care hospital facility located at 1165 Montgomery Drive, Santa Rosa, California 95405, including skilled nursing facilities located at 151 Sotoyome Street, Santa Rosa, California 95405, which are owned by and principally used in an integrated operation of St. Joseph Health Northern California, LLC;
- (b) **Providence St. Joseph Hospital**, a general acute care hospital facility located at 2700 Dolbeer Street, Eureka, California 95501, including a related parking facility located at 2720 Dolbeer Street, Eureka, California 95501, which is owned by and principally used in an integrated operation of St. Joseph Health Northern California, LLC;
- (c) **St. Joseph Hospital of Orange**, a general acute care hospital facility (including a 37-licensed-bed acute psychiatric facility) located at 1100 West Stewart Drive, Orange, California 92868, including a related Cancer Center located at 1000 West La Veta Avenue, Orange, California 92868, and a related ambulatory care center located at 1140 West La Veta Avenue, Orange, California 92868, which are owned by and principally used in an integrated operation of St. Joseph Hospital of Orange;
- (d) **St. Jude Medical Center**, a general acute care hospital facility located at 101 East Valencia Mesa Drive, Fullerton, California 92835, which is owned by and principally used in an integrated operation of St. Jude Hospital, Inc., dba St. Jude Medical Center;
- (e) **Providence Redwood Memorial Hospital**, a general acute care hospital facility located at 3300 Renner Drive, Fortuna, California 95540, which is owned by and principally used in an integrated operation of St. Joseph Health Northern California, LLC;
- (f) **Mission Hospital Regional Medical Center**, a general acute care hospital facility located at 27700 Medical Center Road, Mission Viejo, California 92691, which is owned by and principally used in an integrated operation of Mission Hospital Regional Medical Center, dba Mission Hospital; and
- (g) **St. Joseph Health System**, a corporate office for the Providence St. Joseph Health System, located at 3345 Michelson Drive, Irvine, California 92612, formerly located at 505 South Main Street, Orange, California 92868, and 480 South Batavia Street, Orange, California 92868, which is principally leased by and used in an integrated operation of St. Joseph Health System.

**EXHIBIT B**  
**PRIOR BONDS**

**Outstanding Prior Bonds**

California Health Facilities Financing Authority Revenue Bonds (St. Joseph Health System) Series 2013A (the “Series 2013A Bonds”), originally issued on July 24, 2013 in the aggregate principal amount of \$324,840,000, \$13,270,000 of which currently is outstanding.

California Health Facilities Financing Authority Revenue Bonds, Series 2016B-3 (Providence St. Joseph Health) (the “Series 2016B-3 Bonds”), originally issued on September 28, 2016 in the aggregate principal amount of \$95,245,000, \$76,235,000 of which currently is outstanding.

California Health Facilities Financing Authority Revenue Bonds, Series 2019C (Providence St. Joseph Health) (the “Series 2019C Bonds”), originally issued on October 15, 2019 in the aggregate principal amount of \$323,760,000, \$171,425,000 of which currently is outstanding.

**Prepaid Prior Bonds**

California Health Facilities Financing Authority Revenue Bonds (St. Joseph Health System) Series 2013D (the “Series 2013D Bonds”), originally issued on July 24, 2013 in the aggregate principal amount of \$110,000,000 – ***\$17,475,000 remains on the taxable line of credit referred to above and will be refinanced with Bond proceeds.***

California Health Facilities Financing Authority Revenue Bonds, Series 2016B-1 (Providence St. Joseph Health) (the “Series 2016B-1 Bonds”), originally issued on September 28, 2016 in the aggregate principal amount of \$95,240,000 – ***\$95,240,000 remains on the taxable line of credit referred to above and will be refinanced with Bond proceeds.***

California Health Facilities Financing Authority Revenue Bonds, Series 2016B-2 (Providence St. Joseph Health) (the “Series 2016B-2 Bonds”), originally issued on September 28, 2016 in the aggregate principal amount of \$95,245,000 – ***\$76,660,000 remains on the taxable line of credit referred to above and will be refinanced with Bond proceeds.***