

**CHFFA REVENUE BOND FINANCING PROGRAM
EXECUTIVE SUMMARY**

Applicant:	Providence Health & Services ("PH&S") 1801 Lind Ave. SW #9016 Renton, WA 98057 (King County) (Corporate headquarters)	Amount Requested:	\$1,816,990,000
		Loan Term:	Up to 40 years
		Authority Meeting Date:	August 4, 2016
		Resolution Number:	414
Project Sites:	See Exhibit 1		
Facility Types:	Acute care, skilled nursing, psychiatric, substance abuse, rehabilitation, outpatient services, home health, and hospice.		
Eligibility:	Government Code section 15432(d) (1), (2), and (3)		
Prior Borrower:	Yes (date of last CHFFA issue, June 2014).		
Obligated Group:	Members of PH&S' Obligated Group are identified in Exhibit 5.		
Background: PH&S is a not-for-profit health system headquartered in Renton, Washington. PH&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 more than 160 years ago. PH&S services include 34 hospitals, 600 physician clinics, 22 long term care facilities, senior services, supportive housing and many other health and educational services. The health system and its affiliates employ more than 76,000 people across five states – Alaska, California, Montana, Oregon and Washington (See Exhibits 3 and 4).			
On July 1, 2016, PH&S entered into a partnership agreement with St. Joseph Health System ("SJHS"). SJHS is a nonprofit public benefit corporation headquartered in Irvine, California, was incorporated in 1981 to become the sole corporate member and "parent" organization of the various affiliated health care entities. SJHS manages an integrated health care delivery system that includes 16 hospitals, physician organizations, home health agencies, hospice care, outpatient services and community outreach services.			
Use of Proceeds: Bond proceeds will be used to refund most or all of SJHS bonds issued by CHFFA and California Statewide Communities Development Authority ("CSCDA") in order to consolidate debt under PH&S' master indenture.			
Type of Issue:	Negotiated public offering with fixed rate bonds (expected minimum denominations of \$5,000) and variable rate bonds (expected minimum denominations of \$100,000 and any integral multiple of \$5,000 in excess thereof).		
Expected Credit Ratings:	AA-/ AA/ Aa3; S&P/ Fitch/ Moody's		
Financing Team:	<i>See Exhibit 2 to identify possible conflicts of interest</i>		
Financial Overview: PH&S' income statement appears to exhibit improving operating results with revenue growth. PH&S appears to have a solid financial position with a blended proforma debt service coverage ratio of 2.96x.			
<u>Estimated Sources of Funds:</u>		<u>Estimated Uses of Funds:</u>	
Bond proceeds	\$1,816,990,000	Refunding	\$1,781,365,000
		Financing costs	35,625,000
Total Estimated Sources	<u>\$1,816,990,000</u>	Total Estimated Uses	<u>\$1,816,990,000</u>
Due Diligence: Staff has received and reviewed the Eligibility, Legal Review, Religious Due Diligence, Savings Pass Through, Seismic, and CEQA documentation, and the Iran Contracting Act Certificate documentation. All documentation satisfies the Authority's requirements.			
Staff Recommendation: Staff recommends the Authority approve Resolution Number 414 for Providence Health & Services in an amount not to exceed \$1,816,990,000 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 KNN Public Finance, the Authority's financial advisor, concur with the Authority's staff recommendation.			

I. PURPOSE OF FINANCING:

On June 22, 2016, the Attorney General’s Office (AGO) approved the partnership between PH&S and SJHS which became effective July, 1, 2016. As a term of the partnership agreement, PH&S plans to bring SJHS into the Obligated Group within twelve months of the effective date. This will be accomplished by discharging all of SJHS master notes. It is contemplated this will be accomplished by a combination of advanced refundings, current refundings and the substitution of SJHS master notes with PH&S master notes. Immediately following the discharge of all of SJHS master notes, SJHS will join PH&S under the Master Trust Indenture and will become part of the PH&S obligated group.

***Refunding*..... \$1,781,365,000**
 PH&S seeks to use bond proceeds to advance refund all of SJHS’ bonds and Certificates of Participation (“COP”). A detailed description of each COP and bond series is outlined below.

CSCDA 2007 A, B, C, D, E, and F

The CSCDA Series 2007 bond proceeds were used to finance the acquisition, construction, improvement, equipping, renovation, rehabilitation, remodeling and other capital projects located at Mission Hospital, Queen of Valley Medical Center, St. Jude Medical Center, St. Joseph Hospital, St. Mary Medical Center, and Santa Rosa Memorial Hospital. In addition, the bonds refunded the CSCDA 1997 COPs.

CHFFA Revenue Bonds Series 2009 A, B, C, and D

Bond proceeds were used to refund CSCDA Bonds Series 2008 A, B, and C, which was used for various capital improvement projects for St. Joseph hospital facilities.

CHFFA Revenue Bonds Series 2011 A, B, C, and D

Bond proceeds were used to finance capital additions to St. Jude Medical Center, St. Joseph Hospital of Eureka, Queen of the Valley Hospital, and St. Joseph Hospital of Orange.

CHFFA Revenue Bonds Series 2013 A, B, C, and D

Bond proceeds were used to refund all or a portion of City of Newport Beach Refunding Revenue Bonds (Hoag Memorial Hospital Presbyterian) Series 2008 C, D, E, and F, Series 2009 A, D, and E, and Series 2011 A.

Bond proceeds were used to finance all or a portion of the seismic retrofit of existing structures, renovate, construct and equip of Hoag Hospital, St. Joseph Hospital of Orange, St. Jude Medical Center’s main campus, St. Mary Medical Center, Santa Rosa Memorial Hospital, and St. Joseph Hospital of Eureka.

<i>Financing Costs</i>	<u>35,625,000</u>
• <i>Cost of issuance/underwriter’s discount</i>	\$35,625,000
<i>Total Estimated Uses of Funds</i>	<u>\$1,816,990,000</u>

II. PROPOSED COVENANTS, SECURITY PROVISIONS AND DISCLOSURES:

PH&S is a member of an Obligated Group which consists of PH&S and 13 other affiliate members. These members, operate hospitals and/or health facilities located in the states of Alaska, California, Montana, Oregon and Washington. Providence Health & Services, a Washington nonprofit corporation, is the parent corporation and a Member of the Obligated Group. All Members are jointly and severally liable on Obligations issued under the Master Trust Indenture with respect to repayments of loan amounts relating to the Authority's bonds and other parity debt. PH&S is the borrower under the Loan Agreement and is bound by all covenants below.

There are also protective tests limiting other Members from being added to or withdrawing from the Obligated Group if such addition or withdrawal would cause the Obligated Group to be in default in the performance of certain covenants.

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, PH&S, KNN Public Finance, (the Authority's financial advisor) and the underwriters have concluded that (i) the covenants listed below align with the interests of the Obligated Group, the Authority, and the investors, (ii) such covenants are consistent with covenants that have applied to the Obligated Group's prior bond transactions and (iii) the Obligated Group's current financial situation does not suggest additional covenants should be required.

The following covenants are applicable to this transaction:

Unconditional Promise to Pay. *PH&S agrees to pay to the Bond Trustee all amounts required to pay principal, interest or redemption premium, if applicable, and other payments and expenses designated in the Loan Agreement. Each Obligated Group Member agrees to pay all such payments pursuant to a Master Indenture direct note obligation. All Revenues received by or on behalf of the Authority and any other amounts held in designated funds or accounts under the Bond Indenture are pledged to secure the full payment of the Bonds issued under the Bond Indenture.*

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.*

Limited Permitted Encumbrances. *Each Obligated Group Member is subject to a restrictive 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 maintain a Historical Debt Service Coverage Ratio of 1:10 to 1 or higher. A debt service coverage ratio is a ratio measuring ability to make interest and principal payments as they become due by assessing the amount of revenue available to meet long-term debt service payments.*

Additional Debt. *The ability to incur additional indebtedness is not limited by the provisions of the Master Indenture.*

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

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 Credit Group Member to sell, lease or otherwise dispose of any Property is not limited by the Master Indenture.*

Comply with SEC Rule 15c2-12. *PH&S will take such action as is necessary to assist the underwriter in complying with SEC Rule 15c2-12. PH&S will contractually agree to disclose designated financial and operating information to the Municipal Securities Rulemaking Board (MSRB) web site (EMMA) during the life of the 2016 bonds and to report designated “material events” such as missed debt service payments, any change in bond ratings, defeasance, redemptions, etc.*

Staff and the Authority’s financial advisor, KNN Public Finance, have reviewed the entirety of this financing package and find it to be acceptable.

III. FINANCIAL STATEMENTS AND ANALYSIS

Two separate sets of financial statements and analyses are presented for both PH&S and SJHS for FY 2013 through FY 2015, along with a FY 2015 proforma to account for the new partnership between PH&S and SJHS effective July 1, 2016. Please note that the audited financial statements for both PH&S and SJHS were analyzed and discussed in this section. Additionally, a blended financial analysis was performed for FY 2014 through FY 2015 and FY 2015 proforma that incorporates both SJHS and PH&S' financial statements.

Displayed below are financial performance ratios based upon the Providence St. Joseph partnership. These ratios incorporate and display data from PH&S and SJHS independently as well as a blended set of ratios using the combined financial statements of the respective entities.

PH&S Ratios

Ratio	FYE December 31,		
	2015	2014	2013
Debt Service Coverage, Operating (x)	2.94	3.33	3.96
Debt Service Coverage, Net (x)	2.42	5.08	5.08
Debt to Unrestricted Net Assets (x)	0.53	0.54	0.53
Current Ratio (x)	1.41	1.55	1.57
Operating Margin (%)	1.81	1.76	0.34

SJHS Ratios

Ratio	FYE June 30,		
	2015	2014	2013
Debt Service Coverage, Operating (x)	3.30	1.27	3.20
Debt Service Coverage, Net (x)	3.80	2.36	20.05
Debt to Unrestricted Net Assets (x)	0.48	0.48	0.50
Current Ratio (x)	1.90	1.95	1.78
Operating Margin (%)	0.89	(0.29)	1.00

Blended, Providence – St. Joseph Ratios

Ratio	FYE December 31,		
	Proforma	2015	2014
Debt Service Coverage, Operating (x)	2.96	2.96	2.98
Debt Service Coverage, Net (x)	2.44	2.44	4.14
Debt to Unrestricted Net Assets (x)	0.48	0.48	0.49
Current Ratio (x)	-	1.59	1.67
Operating Margin (%)	-	1.46	1.20

PROVIDENCE HEALTH AND SERVICES
Consolidated Statements of Operations and
Changes in Unrestricted Controlling Net Assets
(\$ in thousands)

	Year ended December 31,		
	2015	2014	2013
Unrestricted net assets:			
Operating revenues:			
Net patient service revenues	\$11,969,116	\$ 10,294,637	\$ 9,357,529
Provision for bad debts	(185,567)	(193,018)	(299,791)
Net patient service revenues less provision for bad debts	11,783,549	10,101,619	9,057,738
Premium and capitation revenues	1,862,236	1,682,968	1,445,107
Other revenues	787,996	696,390	633,835
Total operating revenues	<u>14,433,781</u>	<u>12,480,977</u>	<u>11,136,680</u>
Operating expenses:			
Salaries and wages	5,983,719	5,248,196	4,748,873
Employee benefits	1,357,703	1,220,078	1,161,130
Purchased healthcare	1,045,019	909,154	767,161
Professional fees	582,600	514,990	463,838
Supplies	2,072,005	1,792,707	1,533,092
Purchased services	1,105,189	977,247	944,487
Depreciation	630,537	676,357	596,623
Interest	153,480	155,343	129,289
Amortization	720	5,671	5,200
Other	1,240,993	762,082	749,316
Total operating expenses	<u>14,171,965</u>	<u>12,261,825</u>	<u>11,099,009</u>
Excess of revenues over expenses from operations	<u>261,816</u>	<u>219,152</u>	<u>37,671</u>
Net nonoperating (losses) gains:			
Gain from affiliations	-	476,110	-
Loss on extinguishment of debt	(69)	(85,522)	(1,671)
Investment (losses) income, net	(113,617)	178,043	247,572
Pension settlement costs and other	(71,305)	(16,361)	(30,302)
Total net nonoperating (losses) gains	<u>(184,991)</u>	<u>552,270</u>	<u>215,599</u>
Excess of revenues over expenses	76,825	771,422	253,270
Net assets release from restriction for capital	20,372	13,646	10,786
Change in noncontrolling interests in consolidated joint ventures	(398)	584	(29,139)
Pension related changes	(27,415)	(249,011)	385,702
Contributions, grants, and other	(20,231)	(8,639)	(4,040)
Increase in unrestricted net assets	<u>\$ 49,153</u>	<u>\$ 528,002</u>	<u>\$ 616,579</u>

Payor Source for FYE 12/31/2015

*Patient service revenues	Percent
Commercial	50
Medicare	32
Medicaid	17
Self-pay	1
Total	100

Payor Source for FYE 12/31/2014

*Patient service revenues	Percent
Medicare	43
Medicaid	19
Commercial	33
Self-pay	2
Other	3
Total	100

PROVIDENCE HEALTH AND SERVICES
Consolidated Balance Sheets
(\$ in thousands)

	Year ended December 31,		
	2015	2014	2013
Assets			
Current assets:			
Cash and cash equivalents	\$ 729,321	\$ 1,237,337	\$ 852,965
Short-term management-designated investments	200,251	199,338	189,545
Accounts receivable, less allowance for bad debts of \$343,835 in 2015 and \$289,908 in 2014.	1,569,827	1,419,495	1,336,803
Other receivables, net	399,291	375,185	293,737
Supplies inventory	194,619	185,821	171,833
Other current assets	140,836	203,337	96,960
Current portion of funds held by trustee	54,740	76,365	93,473
Total current assets	<u>3,288,885</u>	<u>3,696,878</u>	<u>3,035,316</u>
Assets whose use is limited:			
Management-designated cash and investments	4,930,858	4,601,153	4,173,407
Gift annuities, trusts and other	93,804	53,954	53,836
Funds held by trustee	272,902	179,473	119,510
Assets whose use is limited, net of current portion	<u>5,297,564</u>	<u>4,834,580</u>	<u>4,346,753</u>
Property, plant, and equipment, net	6,580,860	6,622,566	6,204,617
Other assets	572,968	568,884	382,711
Total assets	<u>\$ 15,740,277</u>	<u>\$ 15,722,908</u>	<u>\$ 13,969,397</u>
Liabilities and net assets			
Current liabilities:			
Current portion of long-term debt	\$ 244,532	\$ 202,287	\$ 160,383
Master trust debt classified as short-term	137,500	12,500	32,075
Accounts payable	427,567	521,942	436,622
Accrued compensation	641,406	738,075	620,029
Payable to contractual agencies	104,651	151,778	127,882
Retirement plan obligations	190,278	185,517	184,065
Current portion of self-insurance liability	118,898	108,943	100,834
Other current liabilities	463,198	465,865	266,551
Total current liabilities	<u>2,328,030</u>	<u>2,386,907</u>	<u>1,928,441</u>
Long-term debt, net of current portion	3,729,795	3,844,262	3,498,246
Other long-term liabilities			
Self-insurance liability, net of current portion	292,843	274,541	261,371
Pension benefit obligation	1,063,581	1,040,939	812,528
Other liabilities	290,380	227,099	151,380
Total other long-term liabilities	<u>1,646,804</u>	<u>1,542,579</u>	<u>1,225,279</u>
Total liabilities	<u>7,704,629</u>	<u>7,773,748</u>	<u>6,651,966</u>
Net assets:			
Unrestricted controlling	7,541,875	7,492,324	6,964,906
Unrestricted noncontrolling	44,904	45,302	44,718
Temporarily restricted	324,891	305,277	223,548
Permanently restricted	123,978	106,257	84,313
Total net assets	<u>8,035,648</u>	<u>7,949,160</u>	<u>7,317,485</u>
Total liabilities and net assets	<u>\$ 15,740,277</u>	<u>\$ 15,722,908</u>	<u>\$ 13,969,451</u>

The audited, combined financial statements of the Providence Health & Services system were analyzed in this section. The Obligated Group comprises approximately 92.9% of the total assets and 88.3% of the total revenues of the combined financials.

Financial Discussion – Statement of Activities (Providence Health & Services)

PH&S’ income statement appears to exhibit improving operating results with revenue growth during the review period.

PH&S experienced improving operating results in FY 2014 as it completed affiliations with PacMed Clinics, Kadlec Regional Medical Center, and Saint John’s Health Center as well as the John Wayne Cancer Institute. PH&S’ operating margin increased from approximately .3% in FY 2013 to approximately 1.76% in FY 2014 and remained solid at 1.8% into FY 2015. PH&S’ operating income increased from approximately \$37 million in FY 2013 to approximately \$262 million in FY 2015. Much of this increase is attributable to FY 2014 affiliations and PH&S’ efforts to assist an increase of Medi-Cal and Medicaid patients.

Particular Facts to Note:

- Operating expenses increased from approximately \$11 billion in FY 2013 to approximately \$14 billion in FY 2015, an increase of 27.7%. Operating revenues have kept in line with the growth in expenses from approximately \$11 billion in FY 2013 to approximately \$14.4 billion in FY 2015. The increase was primarily due to the affiliations in FY 2014 and increasing volumes and an expansion of services.
- Investment income, both realized and unrealized, appears to have declined from gains of approximately \$247 million in FY 2013 and \$178 million in FY 2014, to losses of approximately \$114 million in FY 2015. PH&S’ management attributes this trend to challenging market conditions during this period.

Financial Discussion – Statement of Financial Position (Providence Health & Services)

PH&S appears to have a solid financial position with an operating blended proforma debt service coverage ratio of 2.96x.

PH&S experienced total assets and liabilities increases attributable to 2014's affiliations. The affiliation agreements with Saint John's Health Center, PacMed Clinics, and Kadlec Health System in FY 2014 provided \$1.3 billion in assets. PH&S' total assets increased from approximately \$14 billion in FY 2013 to approximately \$15.7 billion in FY 2015, an approximate 12.7% increase, indicating strong asset growth.

PH&S' balance sheet appears to display growth with total net assets increasing from approximately \$7.3 billion in FY 2013 to approximately \$8 billion in FY 2015, an increase of approximately 9.8%. The debt to unrestricted net assets ratio increased from .53x in FY 2013 and with the additional debt, increases to .78x. PH&S debt service coverage ratios remain solid from 2.94x in FY 2013 to 3.96x in FY 2015. With this financing, PH&S' blended debt service coverage ratio appears to remain solid at 2.96x, indicating that PH&S is able to manage the additional debt.

Particular Facts to Note:

- Cash and cash equivalents appear to have decreased approximately 14.5% from approximately \$853 million in FY 2013 to approximately \$729 million in FY 2015. This decrease was primarily due to investment losses, capital purchases and debt payments during the period.
- Gift annuities, trusts and other appear to have increased approximately 74% from approximately \$54 million in both FY 2013 and FY 2014 to approximately \$94 million in FY 2015. This increase was primarily due to focused fundraising activities and the inclusion of new foundations from the 2014 affiliations.

ST. JOSEPH HEALTH SYSTEM AND AFFILIATES
Consolidated Statements of Operations and
Changes in Unrestricted Controlling Net Assets
(\$ in thousands)

	Year ended June 30,		
	2015	2014	2013
Revenues			
Patient service, net of contractual allowances and discounts	\$ 4,955,644	\$ 4,480,661	\$ 4,088,718
Provision for doubtful accounts	182,093	205,438	236,897
Net patient service, net of provision for doubtful accounts	4,773,551	4,275,223	3,851,821
Premium	1,192,711	1,130,559	943,634
Other	272,254	225,884	160,245
Total revenues	<u>6,238,516</u>	<u>5,631,666</u>	<u>4,955,700</u>
Expenses			
Compensation and benefits	2,535,488	2,467,614	2,179,898
Supplies and other	1,494,824	1,139,382	1,048,765
Professional fees and purchased services	1,705,587	1,598,746	1,369,459
Depreciation and amortization	343,777	303,521	235,496
Interest	103,460	110,737	72,346
Impairment of goodwill	-	27,754	-
Total expenses	<u>6,183,136</u>	<u>5,647,754</u>	<u>4,905,964</u>
Operating income (loss)	55,380	(16,088)	49,736
Nonoperating gains, net	4,899	324,875	159,584
Contribution from affiliation	-	-	1,712,981
Excess of revenues over expenses	<u>60,279</u>	<u>308,787</u>	<u>1,922,301</u>
Less: Excess of revenues over expenses attributable to noncontrolling interests	<u>17,192</u>	<u>15,985</u>	<u>41,314</u>
Excess of revenues over expenses attributable to controlling interests	<u>43,087</u>	<u>292,802</u>	<u>1,880,987</u>
Unrestricted net assets			
Excess of revenues over expenses attributable to controlling interests	43,087	292,802	1,880,987
Net assets release from restrictions and other attributable to controlling interests	<u>50,773</u>	<u>2,425</u>	<u>7,737</u>
Increase in unrestricted net assets attributable to controlling interests	93,860	295,227	1,888,724
Excess of revenues over expenses attributable to noncontrolling interests	17,192	15,985	41,314
Net assets release from restrictions and other attributable to noncontrolling interests	21,204	15,221	(816)
Increase in unrestricted net assets attributable to noncontrolling interests	<u>38,396</u>	<u>31,206</u>	<u>40,498</u>
Increase in unrestricted net assets	<u>132,256</u>	<u>326,433</u>	<u>1,929,222</u>
Temporarily and permanently restricted net assets			
Restricted contributions and other, net	83,073	60,205	53,529
Restricted net assets released from restrictions	(47,459)	(33,384)	(36,932)
Restricted net assets contribution from affiliation	-	-	136,981
Increase in temporarily and permanently restricted net assets	<u>35,614</u>	<u>26,821</u>	<u>153,578</u>
Increase in net assets	<u>167,870</u>	<u>353,254</u>	<u>2,082,800</u>
Net assets at beginning of period	<u>5,317,115</u>	<u>4,963,861</u>	<u>2,881,061</u>
Net assets at end of period	<u>\$ 5,484,985</u>	<u>\$ 5,317,115</u>	<u>\$ 4,963,861</u>

Payor Source for FYE 6/30/2015

*Patient service revenues	Percent
Medicare	31
Medicaid	14
Commercial	53
Other Payers	2
Total	100

Payor Source for FYE 6/30/2014

*Patient service revenues	Percent
Government	44
Contracted	42
Self-pay and others	14
Total	100

ST. JOSEPH HEALTH SYSTEM AND AFFILIATES
Consolidated Balance Sheets
(\$ in thousands)

	Year ended June 30,		
	2015	2014	2013
Assets			
Current assets:			
Cash and equivalents	\$ 443,611	\$ 269,991	\$ 329,513
Short-term marketable securities	654,022	852,635	782,752
Patient accounts receivable, less allowance for doubtful accounts (\$224,090, \$240,482, and \$262,282 as of June 30, 2015, 2014, and 2013 respectively)	641,115	641,384	607,548
Other assets	311,629	258,722	294,900
Total current assets	<u>2,050,377</u>	<u>2,022,732</u>	<u>2,014,713</u>
Long-term marketable securities	1,154,106	1,080,035	990,317
Assets limited as to use:			
Board designated	1,493,406	1,546,445	1,350,270
Held in trust	115,467	115,077	127,810
Total assets limited as to use	<u>1,608,873</u>	<u>1,661,522</u>	<u>1,478,080</u>
Property and equipment, net	4,027,998	3,853,737	3,641,852
Investments and other	151,236	130,225	115,250
Collateral held for swap counterparty	1,477	-	8,926
Notes receivable	20,420	21,711	23,152
Deferred financing costs, net	20,576	22,570	23,247
Goodwill and other intangibles, net	254,221	234,176	255,935
Total assets	<u>\$ 9,289,284</u>	<u>\$ 9,026,708</u>	<u>\$ 8,551,472</u>
Liabilities and net assets			
Current liabilities:			
Accounts payable	\$ 153,913	\$ 133,843	\$ 176,866
Accrued compensation and related liabilities	298,029	302,343	309,424
Accrued liabilities	512,895	491,547	366,648
Payable to third-party payors	63,683	62,317	75,873
Current maturities of long-term debt	48,201	49,025	202,453
Total current liabilities	<u>1,076,721</u>	<u>1,039,075</u>	<u>1,131,264</u>
Interest rate swaps	101,064	85,838	85,983
Other liabilities	234,609	257,313	252,227
Long-term debt, less current maturities	<u>2,391,905</u>	<u>2,327,367</u>	<u>2,118,137</u>
Total liabilities	<u>3,804,299</u>	<u>3,709,593</u>	<u>3,587,611</u>
Net assets:			
Unrestricted			
Controlling interest	4,987,486	4,893,626	4,598,399
Noncontrolling interests in subsidiaries	146,020	107,624	76,418
Temporarily restricted	270,330	246,259	223,370
Permanently restricted	81,149	69,606	65,674
Total net assets	<u>5,484,985</u>	<u>5,317,115</u>	<u>4,963,861</u>
Total liabilities and net assets	<u>\$ 9,289,284</u>	<u>\$ 9,026,708</u>	<u>\$ 8,551,472</u>

The audited consolidated financial statements from St. Joseph Health System and Affiliates were analyzed in this section. The Obligated Group comprises of approximately 89.1% of the total assets, 88.7% of the total liabilities, and 89.4% of the total net assets of the combined financials.

Financial Discussion – Statement of Activities (St. Joseph Health System)

SJHS income statement appears to have fluctuating operating results over the review period.

SJHS' total revenues increased from approximately \$5.0 billion in FY 2013, to approximately \$5.6 billion in FY 2014 and to approximately \$6.2 billion in FY 2015, an increase of 25.9% over a two year period. Revenue increases are partly attributable to a partnership with Hoag Memorial Hospital Presbyterian and Affiliates in March 2013. This partnership contributed to an increase in patient volumes, expenses increased in-line with revenues resulting in a net operating gain in FY 2013 of approximately \$50 million. Included in the FY 2013 results was \$66 million of gain recognized from the California Hospital Quality Assurance Program. In FY 2014, SJHS experienced an operating loss of approximately \$16.1 million. This loss reflects an operating charge of \$27.8 million for goodwill impairment and \$213,000 of gain from the California Hospital Quality Assurance Program. SJHS experienced continued improved performance in FY 2015 and reported an operating gain of approximately \$55 million due to an increase in overall patient volumes, particularly hospital and ambulatory outpatient volumes, with an increase of approximately 8% as well as \$4.7 million of California Hospital Quality Assurance Program gain.

Particular Facts to Note:

- Supplies and other expenses increased from approximately \$1.1 billion in FY 2014 to approximately \$1.5 billion in FY 2015, a 31.2% increase. The increase was for supplies related to the increase in patient volumes and reflects \$225 million of California Hospital Quality Assurance Program expense compared to \$45 million recorded in FY 2014.
- Non-operating gains fluctuated from \$159.6 million in FY 2013 to approximately \$324.9 million in FY 2014 and then down to \$4.9 million in FY 2015. These large fluctuations can be attributed primarily to realized and unrealized gains and losses from market performance of investments.
- In FY 2014, SJHS had a single occurrence of an "Impairment of goodwill" charge, a noncash impairment charge of roughly \$27.8 million. This single charge resulted from certain future cash flow projections not supporting the recorded goodwill balance. The carrying amount of a reporting unit's goodwill exceeded the implied fair value and was adjusted accordingly.

Financial Discussion – Statement of Financial Position (St. Joseph’s Health System)

SJHS appears to have a positive financial position with a current operating debt service coverage ratio of 3.30x.

SJHS’ total assets increased approximately 8.6% from \$8.6 billion in FY 2013 to \$9.3 billion in FY 2015. In FY 2013, SJHS entered into a partnership with Hoag Memorial Hospital (Hoag). In FY 2014, SJHS increased its revolving credit lines from \$350 million to \$400 million. In FY 2014, SJHS issued approximately \$655 million of fixed rate tax-exempt bonds from the Authority to refund all outstanding Hoag bonds and finance five new projects at SJHS hospital facilities.

Particular Facts to Note:

- Property and equipment increased approximately 10.6% from FY 2013 of approximately \$3.6 billion, to FY 2014 of approximately \$3.9 billion, to FY 2015 of approximately \$4 billion. This increase was mainly due to investments in information technology.
- In FY 2013, there was a single occurrence of approximately \$1.8 billion in excess of revenues over expenses attributable to controlling interests. This occurrence is reflected in SJHS’ FY 2013 DSC (by net income) of approximately 20x.

IV. DUE DILIGENCE:

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

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

PH&S’ community benefit policy is to accept all patients regardless of their ability to pay while at the same time sponsoring numerous health-care related programs which include medical vans, health and dental clinics, prenatal programs, health referral services, and bilingual health education for the general community and the medically underserved population in the area it serves.

<http://communitybenefit.providence.org/>

- **Section 15491.1 of the Act (Community Service Requirement):** PH&S properly completed and submitted this certification and indicated that Medi-Cal and Medicare patients are accepted.
- **Compliance with Seismic Regulations:** PH&S 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):** PH&S properly submitted relevant documentation addressing CEQA.
- **Religious Affiliation Due Diligence:** PH&S properly completed and submitted relevant documentation to meet the religious due diligence requirement.
- **Legal Review:** PH&S properly completed and submitted relevant documentation for the Authority’s Legal Questionnaire.
- **Iran Contracting Act Certificate:** The underwriters Merrill Lynch, Pierce, Fenner & Smith Incorporated (Bank of America Merrill Lynch) and Citigroup Global Markets Inc. properly submitted the certificates to the Authority.

EXHIBIT 1
PROJECT SITES

PROJECT	PROJECT ADDRESS
Queen of the Valley Medical Center	1000 Trancas St., Napa, CA 94558
St. Joseph Hospital of Eureka	2700 Dolbeer Street, Eureka, CA 95501
St. Joseph Hospital of Orange.....	1100 West Stewart Drive, Orange, CA 92868
Santa Rosa Memorial Hospital	1165 Montgomery Dr., Santa Rosa, CA 94558
St. Jude Hospital Medical Center.....	101 E. Valencia Mesa Dr., Fullerton, CA 92835
St. Mary Medical Center.....	18300 Highway 18, Apple Valley, CA 92307; Amargosa Road and Smoketree Road in Victorville, CA 92395
Mission Hospital Regional	27700 Medical Center Road, Mission Viejo, CA 92691 Medical Center
Redwood Memorial Hospital	3300 Renner Dr., Fortuna, CA 95540
St. Joseph Health System.....	480 South Batavia St., Orange, CA 92868
Hoag Hospital Newport Beach	1 Hoag Dr., Newport Beach, CA 92663

EXHIBIT 2
FINANCING TEAM

Borrower: Providence Health & Services

Agent for Sale: California State Treasurer

Issuer's Financial Advisor: KNN Public Finance, LLC

Issuer's Financial Analyst: Macias Gini & O'Connell, LLP

Issuer's Counsel: Office of the Attorney General

Trustee: U.S. Bank, National Association

Master Trustee: The Bank of New York Mellon Trust Company, National Association

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

Bond Counsel: Norton Rose Fulbright US LLP

Underwriters: Merrill Lynch, Pierce, Fenner & Smith Incorporated (Bank of America Merrill Lynch)
Citigroup Global Markets Inc.

Underwriter Counsel: Hawkins Delafield & Wood LLP

Borrower's Counsel: Chapman and Cutler LLP

Borrower's Financial Advisor: Ponder & Co.

Auditor: KPMG LLP

EXHIBIT 3

UTILIZATION STATISTICS

The following is a combined pro forma list of the principal long-term care and acute care facilities owned (or leased) by Obligated Group Members, as of June 30, 2016. Many entities own and operate facilities at multiple geographic locations.

<u>Facility</u>	<u>Number of Licensed Long Term Care Beds</u>
Providence St. Joseph Medical Center	54
St. Joseph Hospital of Eureka	15
Providence Holy Cross Medical Center	48
Mission Hospital Regional Medical Center ⁽¹⁾	29
Providence St. Elizabeth Care Center	52
Providence Little Company of Mary Subacute Care Center San Pedro	125
Providence Little Company of Mary Recovery Center ⁽²⁾	48
Santa Rosa Memorial Hospital	31
Providence Little Company of Mary Transitional Care Center	115
TOTAL	517

⁽¹⁾ Two campuses on one license, including 36 acute psychiatric beds in Laguna Beach.

⁽²⁾ Includes chemical dependency program.

Facility	Number of Licensed Acute Care Beds ⁽¹⁾
St. Mary Medical Center	212
Providence St. Joseph Medical Center	392
St. Joseph Hospital of Eureka	153
Redwood Memorial Hospital of Fortuna	35
St. Jude Hospital d/b/a St. Jude Medical Center	329
Providence Holy Cross Medical Center	329
Mission Hospital Regional Medical Center ⁽²⁾	588
Queen of the Valley Medical Center	191
Hoag Memorial Hospital Presbyterian ⁽³⁾	568
St. Joseph Hospital of Orange ⁽⁴⁾	463
SRM Alliance Hospital Services d/b/a Petaluma Valley Hospital	80
Providence Little Company of Mary Medical Center San Pedro	183
Providence Saint John's Health Center ⁽⁵⁾	266
Santa Rosa Memorial Hospital	338
Providence Tarzana Medical Center	249
Providence Little Company of Mary Medical Center Torrance	327
TOTAL	4703

⁽¹⁾ Includes all acute care licensure categories except for normal newborn bassinets and partial hospitalization psychiatric beds.

⁽²⁾ Two campuses on one license, including 36 acute psychiatric beds in Laguna Beach.

⁽³⁾ Two campuses on one license.

⁽⁴⁾ Includes 37 acute psychiatric beds.

⁽⁵⁾ Providence Health System - Southern California is sole corporate member of Providence Saint John's Health Center

EXHIBIT 4
OUTSTANDING DEBT

Long-term Debt Chart ^(c)
In thousands

<u>Date Issued</u>	<u>Original Amount</u>	<u>Amount Outstanding ^(a) As of FY 2015 ^(b)</u>
<i>-EXISTING LONG-TERM DEBT FOR PH&S:</i>		
Direct Obligation Notes Series 1997		\$ 1,445
Direct Obligation Note Series 2005		44,380
WHCFA Revenue Bonds Series 2006 A	212,165	210,555
MFFA Revenue Bonds Series 2006 B	68,430	54,495
WHCFA Revenue Bond Series 2006 C, D, and E	165,050	165,050
AIDEA Revenue Series 2006 H	54,355	51,905
CHFFA Revenue Bonds Series 2008 C	289,195	15,785
Direct Obligation Notes Series 2009 A		165,000
CHFFA Revenue Bonds Series 2009 B	150,000	150,000
WHCFA Revenue Bonds Series 2010 A	174,240	174,240
AIDEA Revenue Bonds Series 2011 A	122,720	122,720
WHCFA Revenue Bonds Series 2011 B	91,170	58,995
OFA Revenue Bonds Series 2011 C	22,355	18,375
WHCFA Revenue Bonds Series 2012 A and B	611,370	597,850
OFA Revenue Bonds Series 2013 A	78,190	66,600
Direct Obligation Notes Series 2013 D		252,285
CHFFA Revenue Bonds Series 2014 A and B	394,590	393,205
WHCFA Revenue Bonds Series 2014 C and D	271,015	271,015
WHCFA Revenue Bonds Series 2015 A	77,635	77,635
OFA Revenue Bonds Series 2015 C	71,070	71,070
WHCFA Revenue Bonds Series 2012 C and D	160,000	160,000
Direct Obligation Notes Series 2012 E		233,525
OFA Revenue Bonds Series 2013 C	161,675	135,375
Direct Obligation Notes Series 2013 E		200,000
<i>-EXISTING LONG-TERM DEBT FOR SJHS:</i>		
CSCDA Revenue Bonds Series 2007 A, B, C, D, E, and F	494,550	455,025
CHFFA Revenue Bonds Series 2009 A, B, C, D, E, and F	421,100	402,337
CHFFA Revenue Bond Series 2011 A, B, C, and D	302,110	302,110
CHFFA Revenue Bonds Series 2013 A, B, C, and D	654,840	693,192
<i>- TOTAL DEBT</i>	<u>\$ 5,047,825</u>	<u>\$ 5,544,169</u>

^(a) Includes current portion of long-term debt

^(b) Fiscal year ending for PH&S is December 31, 2015 and fiscal year ending for SJHS is June 30, 2015

^(c) PH&S' and SJHS' outstanding debt was issued through the following entities: California Health Facilities Financing Authority (CHFFA), California Statewide Communities Development Authority (CSCDA), Alaska Industrial Development and Export Authority (AIDEA), Washington Health Care Facilities Authority (WHCFA), Montana Facility Finance Authority (MFFA), and the Oregon Facilities Authority (OFA).

EXHIBIT 5

BACKGROUND AND LICENSURE

Providence Health & Services Background

Providence Health & Services is a not-for-profit health system headquartered in Renton, Washington. PH&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 more than 160 years ago. In 2015, PH&S provided \$951 million in community benefit programs, an increase of over \$100 million from 2014. Providence owns and operates health care facilities and service providers primarily in the greater metropolitan areas of Anchorage, Alaska; Everett, Seattle, Edmonds, Spokane, and Olympia, Washington; Missoula, Montana; Portland and Medford, Oregon; and Los Angeles, California. Providence owns or operates 34 general acute care hospitals, 600 physician clinics, 22 long-term care facilities, 19 homecare and hospice programs, senior services, supportive housing and many other health and educational services.

As of July 1, 2016, PH&S completed a partnership with SJHS to expand and consolidate services throughout the Western United States. This partnership aims to create a fully integrated, nonprofit, charitable health care system serving communities in a more effective manner.

St. Joseph Health System Background

St. Joseph Health System, a California nonprofit public benefit corporation headquartered in Irvine, California, was incorporated in 1981, by its Roman Catholic order sponsor, the Congregation of the Sisters of St. Joseph of Orange (the "St. Joseph Congregation"), to become the sole corporate member and "parent" organization of various corporations operating the St. Joseph Congregation's hospitals and other affiliated healthcare entities. SJHS provides integrated strategic leadership and various centralized management functions for the 14 acute care hospitals affiliates with 3,961 licensed acute beds, skilled nursing, psychiatric, outpatient services, substance abuse, rehabilitation, home health, and hospice care.

Obligated Group

The Obligated Group currently consists of PH&S and 13 other Members operating in Alaska, California, Montana, Oregon, and Washington. Each member is jointly and severally obligated to pay the obligations issued under the Master Indenture. With this financing, SJHS will become a Member of the PH&S obligated group and add 14 additional obligated group members operating in California, Texas, and New Mexico.

Providence Health & Services

Current PH&S Obligated Group Members

Providence Health & Services
Providence Health & Services - Washington
Providence Health & Services - Oregon
Providence Health System - Southern California
Little Company of Mary Ancillary Services Corporation
Providence St. Joseph Medical Center
Providence Health & Services - Montana
Providence Health & Services - Western Washington
Swedish Health Services
Providence Saint John's Health Center
Swedish Edmonds
PacMed Clinics
Kadlec Regional Medical Center
Western HealthConnect

St. Joseph Health System

Current SJHS Obligated Group Members

St. Joseph Hospital of Orange
St. Jude Hospital, Inc. doing business as (“dba”) St. Jude Medical Center
Mission Hospital Regional Medical Center (dba Mission Hospital)
St. Mary Medical Center
Hoag Memorial Hospital Presbyterian
Queen of the Valley Medical Center
Santa Rosa Memorial Hospital
SRM Alliance Hospital Services (dba Petaluma Valley Hospital)
St. Joseph Hospital of Eureka
Redwood Memorial Hospital of Fortuna
Covenant Health System (dba Covenant Medical Center
– Lakeside and Covenant Medical Center)
Methodist Children’s Hospital (dba Covenant Children’s Hospital)
Methodist Hospital Levelland (dba Covenant Levelland)
Methodist Hospital Plainview (dba Covenant Hospital Plainview)
St. Joseph Health System

Licensure and Memberships

Each of Providence Health & Services’ and St. Joseph Health System’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 Medicaid programs.

RESOLUTION NO. 414

RESOLUTION OF THE CALIFORNIA HEALTH FACILITIES FINANCING AUTHORITY
AUTHORIZING THE ISSUANCE OF REVENUE BONDS
RELATED TO THE FINANCING OR REFINANCING OF
PROJECTS AT THE HEALTH FACILITIES OF CERTAIN AFFILIATES OF
PROVIDENCE HEALTH & SERVICES

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 lend 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 Health & Services is a nonprofit corporation duly organized and existing under the laws of the State of Washington (the “Borrower”) that is (i) affiliated with St. Joseph Health System, Mission Hospital Regional Medical Center dba Mission Hospital, Queen of the Valley Medical Center, St. Jude Hospital, Inc. dba St. Jude Medical Center, St. Joseph Hospital of Orange, St. Mary Medical Center, St. Joseph Hospital of Eureka, Redwood Memorial Hospital of Fortuna and Santa Rosa Memorial Hospital, each of which owns and operates health care facilities in the State of California (collectively, the “SJHS Entities”), and (ii) affiliated with Providence Health & Services – Washington, Providence Health System – Southern California, Providence Health & Services – Oregon, Little Company of Mary Ancillary Services Corporation, Providence St. Joseph Medical Center, Providence Health & Services – Montana, Providence Health & Services – Western Washington, Swedish Health Services, Providence Saint John’s Health Center, Swedish Edmonds, PacMed Clinics, Kadlec Regional Medical Center and Western HealthConnect;

WHEREAS, the Authority and the California Statewide Communities Development Authority each has previously issued its respective revenue bonds listed in Exhibit B attached hereto (the “Prior Bonds”), in the total aggregate principal amount of \$1,873,600,000, of which \$1,781,365,000 currently is outstanding, and loaned the proceeds thereof to St. Joseph Health System, to finance and refinance the acquisition, construction, renovation and equipping of certain health facilities of the SJHS Entities located in California, as more particularly described under the caption “Prior Project” in Exhibit A attached hereto (the “Prior Project”);

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 \$1,816,990,000, 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 and (ii) 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 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 Bonds (Providence St. Joseph Health)” (the “Bonds”), in a total aggregate principal amount not to exceed \$1,816,990,000, 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 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 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 August 4, 2017, 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 Loan Agreements relating to the Bonds (the “Loan Agreements”), between the Authority and the Borrower,
- (ii) the Bond Indentures relating to the Bonds (the “Bond Indentures”), between the Authority and U.S. Bank National Association, as bond trustee (the “Trustee”),
- (iii) the Bond Purchase Agreements, including the exhibits thereto, relating to the Bonds (the “Purchase Contracts”), among Merrill Lynch, Pierce, Fenner & Smith Incorporated (the “Underwriter”), the Treasurer and the Authority, and approved by the Borrower, and
- (iv) the preliminary official statements relating to the Bonds (the “Preliminary Official Statements”),

are hereby approved in substantially the forms on file with the Authority prior to this meeting, with such insertions, deletions or changes therein (including, without limitation, insertions, deletions or changes therein appropriate to reflect provisions relating to a deed of trust, a bond reserve fund, bond insurance, any 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 Agreements, the Bond Indentures and the Purchase Contracts and by delivery thereof in the case of the Preliminary Official Statements. 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 the Bond Indentures, as finally executed.

SECTION 6. The Underwriter is hereby authorized to distribute the Preliminary Official Statements for the Bonds to persons who may be interested in the purchase of such Bonds offered in such issuance, it being understood that, at the discretion of the Underwriter (in consultation with the Borrower), a preliminary official statement may not be used with respect to any series of Bonds. The Underwriter is hereby directed to deliver the final official statements (the "Official Statements") to all actual purchasers of such Bonds.

SECTION 7. The Bonds, when executed, shall be delivered to the 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 Underwriter 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 Underwriter, 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, Bond Purchase Contracts and Official Statements. The Authority hereby approves any and all documents to be delivered in furtherance of the foregoing purposes, including without limitation: (a) 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. 2014-05, 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 PROJECT

The Prior Project consists of the financing and refinancing of the acquisition, construction, renovation and equipping of the following health facilities:

(a) **Queen of the Valley Hospital**, a 193-licensed-bed acute care hospital facility (with skilled nursing facilities) located at 1000 Trancas Street, Napa, California, owned and operated by Queen of the Valley Medical Center;

(b) **St. Joseph Hospital**, a 189-licensed-bed acute care hospital facility located at 2700 Dolbeer Street, Eureka, California, including a related parking facility located at 2720 Dolbeer Street, Eureka, California, and a related facility located at 2425 Harrison Street, Eureka, California, each of which is owned and operated by St. Joseph Hospital of Eureka;

(c) **St. Joseph Hospital**, a 525-licensed-bed tertiary acute care hospital facility (including a 37-licensed-bed acute psychiatric facility) located at 1100 West Stewart Drive, Orange, California, including the following related facilities: a Cancer Center located at 1000 West La Veta Avenue, Orange, California; an ambulatory care center and related parking structure located at 1140 West La Veta Avenue, Orange, California; and a since-demolished building located at 1310 Stewart Drive, Orange, California, each of which is owned and operated by St. Joseph Hospital of Orange;

(d) **St. Jude Medical Center**, a 384-licensed-bed tertiary acute care hospital facility (including a 37-licensed-bed short-stay skilled nursing facility) located at 101 East Valencia Mesa Drive, Fullerton, California, including related administrative office space located at 1815A Sunnycrest Drive, Fullerton, California, and an ambulatory care center located at 2141-2151 North Harbor Boulevard, Fullerton, California, each of which is owned and operated by St. Jude Hospital, Inc., dba St. Jude Medical Center;

(e) **Santa Rosa Memorial Hospital**, a 414-licensed-bed acute care hospital facility (with skilled nursing facilities) located at 1165 Montgomery Drive, Santa Rosa, California, owned and operated by Santa Rosa Memorial Hospital;

(f) **St. Mary Medical Center**, a 190-licensed-bed acute care hospital facility (including a 20-licensed-bed short-stay skilled nursing facility) located at 18300 Highway 18, Apple Valley, California, including construction of a new acute care hospital facility and ambulatory care center to be located west of Amargosa Road, north of Smoketree Street, east of Cobalt Road and south of Mesa Street in Victorville, California, each of which is owned and operated by St. Mary Medical Center;

(g) **Mission Hospital**, a 317-licensed-bed acute care hospital facility (with behavioral health and rehabilitation facilities) located at 27700 Medical Center Road, Mission Viejo, California, owned and operated by Mission Hospital Regional Medical Center, dba Mission Hospital;

(h) **Redwood Memorial Hospital**, a 35-licensed-bed acute care hospital facility located at 3300 Renner Drive, Fortuna, California, owned and operated by Redwood Memorial Hospital of Fortuna;

(i) **St. Joseph Health System**, computer equipment and improvements located at 480 South Batavia Street, Orange, California, owned and operated by St. Joseph Health System;

(j) **Hoag Hospital Newport Beach**, a 485-licensed-bed acute care hospital facility located at or about (including adjacent to or across the street from) One Hoag Drive, Newport Beach, California, including related imaging equipment located at 500-540 Superior Avenue, Newport Beach, California, each of which is owned and operated by Hoag Memorial Hospital Presbyterian;

EXHIBIT B

PRIOR BONDS

<u>Description</u>	<u>Par Outstanding</u>
\$495,550,000 CSCDA Revenue Bonds (St. Joseph Health System) Series 2007A, B, C, D, E and F	\$449,225,000
\$254,410,000 CHFFA Revenue Bonds (St. Joseph Health System) Series 2009A and B	227,580,000
\$166,690,000 CHFFA Revenue Bonds (St. Joseph Health System) Series 2009C and D	147,610,000
\$52,110,000 CHFFA Revenue Bonds (St. Joseph Health System) Series 2011A	52,110,000
\$100,000,000 CHFFA Revenue Bonds (St. Joseph Health System) Series 2011B	100,000,000
\$50,000,000 CHFFA Revenue Bonds (St. Joseph Health System) Series 2011C	50,000,000
\$100,000,000 CHFFA Revenue Bonds (St. Joseph Health System) Series 2011D	100,000,000
\$654,840,000 CHFFA Revenue Bonds (St. Joseph Health System) Series 2013A, B, C and D	654,840,000
Total	<u>\$1,781,365,000</u>