CALIFORNIA HEALTH FACILITIES FINANCING AUTHORITY
BOND FINANCING PROGRAM
EXECUTIVE SUMMARY

Applicant/Borrower:	Sutter Health (Sutter) 2200 River Plaza Drive Sacramento, CA 95833 Sacramento County	**Principal Amount Requested:** **Date Requested:** **Requested Loan Term:** **Resolution Number:**	$1,600,000,000 July 30, 2026 Up to 40 years 472
Project Sites:	See Exhibit 1		
Facility Types:	Acute Care Hospital, sub-acute and outpatient care		
Eligibility:	Government Code 15432(d)(1)		
Prior Borrower:	Yes (date of last CHFFA issue, March 2018)		
Obligated Group:	Identified in the Background and Licensure section.		

Background: Sutter Health, a California nonprofit public benefit corporation, is the "parent" of the Sutter Health system, which is comprised of Sutter Health and its affiliated health care organizations (the System). The System operates primarily in Northern California, providing a broad range of health care services, including acute, sub-acute, long-term, home health, and outpatient care, as well as physician delivery systems.

Use of Proceeds: Bond proceeds will be used to finance, including reimbursement for, the acquisition, construction, expansion, remodeling, renovation, furnishing and/or equipping of certain health facilities; refund all or a portion of the CHFFA 2016 Series B bonds (the 2016B Bonds); refinance a line of credit and/or commercial paper; finance working capital, as needed; and pay for costs of issuance of the bonds, as needed.

Type of Issue:	Negotiated public offering, tax-exempt multi-modal bonds (expected minimum denominations of $5,000)
Expected Credit Rating:	A1/A+/AA-; Moody's / S&P / Fitch
Financing Team:	See Exhibit 2 to identify possible conflicts of interest

Financial Overview: Sutter has exhibited increasing total revenues over the review period, supported by patient service revenues. Sutter's total assets increased during the review period and exhibit a strong pro-forma FY 2025 net debt service coverage ratio of 4.1x.

Estimated Sources of Funds:		**Estimated Uses of Funds:**	
Par amount of bond proceeds	$ 1,600,000,000	New money	$ 719,291,753
Premium amount of bond proceeds	110,535,933	Refunding	541,244,180
Borrower funds	16,000,000	Refinance line of credit & commercial paper	450,000,000
		Financing costs	16,000,000
Total Estimated Sources	$ 1,726,535,933	**Total Estimated Uses**	$ 1,726,535,933

Due Diligence: Staff has confirmed Sutter has provided documentation that satisfies the California Health Facilities Financing Authority's (Authority or CHFFA) requirements, including: Eligibility, Legal Review, the California Environmental Quality Act, and the certifications for Pass-Through Savings, Community Service Obligation, and the Iran Contracting Act.

Staff Recommendation: Staff recommends the Authority approve Resolution Number 472 in an amount not to exceed $1,600,000,000 for Sutter Health, subject to the conditions in the resolution. TAP International, Inc., the Authority's financial analyst, and KNN Public Finance, LLC, the Authority's municipal advisor, concur with the Authority's staff recommendation.

(TB/JB)

STAFF SUMMARY, ANALYSIS, AND RECOMMENDATION

I. PURPOSE OF FINANCING:

Sutter is requesting the issuance of tax-exempt bonds to finance the costs of capital expansion projects and to refund and refinance existing debt. As a part of its strategy of building a strong foundation and expanding capabilities to serve more patients, Sutter announced in 2025 investments of more than $1 billion to expand patient care services across the Greater East Bay and approximately $2.8 billion in Silicon Valley. A portion of the bond proceeds will be used for these two projects as well as additional capital projects at certain other health facilities. Sutter will also use bond proceeds to refund the outstanding 2016B Bonds, which Sutter anticipates will provide a net present value savings of approximately $22.2 million or 4.2% over the life of the bonds. Additionally, bond proceeds will be used to refinance a line of credit and commercial paper to consolidate debt and move short-term financing into a long-term bond.

New Money... $719,291,753

Bond proceeds will be used for various capital improvement projects at certain health facilities throughout the Bay Area and the Central Valley. Projects include the expansion of an Intensive Care Unit and inpatient beds; the purchase of land, medical buildings, and a lab; and improvements of a neuroscience complex and a cancer center. Sutter may also use bond proceeds to finance working capital for one or more of its affiliates related to the new projects. Specific details for two of the larger projects are detailed below.

Emery Yards:

The new Emery Yards project will expand patient care services across the East Bay with a new flagship medical campus totaling approximately 1.3 million square feet in Emeryville. The new campus will include two existing buildings that will provide outpatient services and a newly constructed medical center that will provide acute care services with up to 200 beds and room for future expansion. The campus will also add centers for specialty services including neuroscience, orthopedics, and women's health. The first patients are expected to be seen beginning in 2028. Once open, Sutter's new medical center in Emeryville will replace the acute care center at Alta Bates Summit Medical Center in Berkeley.

Santa Clara Campus:

The new Santa Clara campus will include the construction of a new approximately 850,000 square foot medical center on a 14-acre site that will feature 272 licensed beds in private patient rooms, with space to add 30 more beds to meet future demand. The future medical center, combined with adjacent care centers, is expected to open in 2031. Sutter also plans more than one million square feet of development approximately one mile from the medical center to create hubs for specialty care, including cancer, women's health, orthopedics, sports medicine, and heart and vascular services.

Refunding	**541,244,180**

Bond proceeds will be used to refund all or a portion of the 2016B Bonds, the proceeds of which were used to refund the CHFFA Series 2007A bonds, the California Statewide Communities Development Authority (CSCDA) Series 2003A and 2003B bonds, and the CSCDA Series 2005B and 2005C bonds.

Refinance Line of Credit & Commercial Paper	**450,000,000**

Bond proceeds will be used to refinance an existing line of credit and taxable commercial paper. Sutter previously used the line of credit and commercial paper proceeds to purchase property in Emeryville, California for future acute care and ambulatory care facilities.

Financing Cost[1]		**16,000,000**
Estimated underwriters' discount..................	$8,000,000	
Estimated cost of issuance............................	8,000,000	
Total Estimated Uses of Funds		**$1,726,535,933**

[1] Sutter expects to pay the financing costs from its own equity and not from bond proceeds.

II. PROPOSED COVENANTS, SECURITY PROVISIONS AND DISCLOSURES:

Sutter Health ("Sutter") is a Member of the Obligated Group that currently consists of Sutter and seven affiliated California nonprofit public benefit corporations, each of which is jointly and severally obligated under a master trust indenture (the "Master Indenture") with respect to payments on CHFFA bonds and other parity debt. The Master Indenture also creates a Credit Group, which consists of the Obligated Group Members and any Restricted Affiliates. There currently are no Restricted Affiliates. Sutter will be the borrower under the loan agreements with CHFFA and will act on behalf of the other Obligated Group Members. All covenants below are applicable to each Obligated Group Member. There are certain conditions under the Master Indenture relating to the addition of an Obligated Group Member or withdrawal of an Obligated Group Member from the Obligated Group.

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 prior review by the Authority's Board. If there have been modifications to the proposed covenants and disclosures following the preparation of this executive summary, staff will report on it at the meeting.

After reviewing Sutter's current finances, prior bond transactions, and considering what the market will support, Sutter, KNN Public Finance, LLC (the Authority's municipal advisor), and the underwriters have all concluded that the below listed covenants should be applicable to this transaction, without the need for any additional covenants.

<u>The following covenants are applicable to this transaction:</u>

Unconditional Promise to Pay. *Sutter agrees to pay the Trustee all amounts required for principal and interest and other payments and expenses designated in the loan agreement. The Obligated Group guarantees all such payments under master indenture obligations issued relating to the CHFFA Series 2026 Bonds (2026 Bonds). All Revenues[2] (which will include payments by Sutter under each loan agreement and payments by the Obligated Group under the related master indenture obligation), are pledged to secure the full payment of the 2026 Bonds, as further described in each bond indenture.*

Pledge of Gross Receivables. *Each Obligated Group Member grants to the Master Trustee a security interest in all of its right, title, and interest, in, to, and under its Gross Receivables and the proceeds thereof.*

Negative Pledge Against Prior Liens. *No Obligated Group Member will, and no Controlling Member will permit a Restricted Affiliate to, create or permit to be created or to exist any Lien securing Obligations, other Indebtedness or Financial Product Agreements on any Property of any Credit Group Member, except for Permitted Encumbrances.*

Limited Permitted Encumbrances. *Each Obligated Group Member is subject to Permitted Encumbrances it may incur pursuant to the Master Indenture.*

[2] Capitalized terms are defined in the bond documents and/or the Master Trust Indenture.

Historical Debt Service Coverage Requirement. *The Master Indenture contains a historical debt service coverage ratio of 1.10 to 1:00 calculated by dividing Income Available for Debt Service of the Combined Group ("Combined Group" means, collectively, the Credit Group Members and their respective Consolidated Entities) or, at the option of the Obligated Group Agent, the Credit Group for that Fiscal Year by the Debt Service Requirements of the Combined Group or the Credit Group, as applicable, for that Fiscal Year subject to the further provisions of the Master Indenture. An Event of Default will exist if the Historical Debt Service Coverage Ratio is less than 1.00 to 1.00 for any two consecutive Fiscal Years, subject to the further provisions of the Master Indenture. A debt service coverage requirement is a ratio measuring ability to make interest and principal payments as they become due by assessing the amount of revenue available to meet debt service payments.*

Additional Debt Limitation. *Each Obligated Group Member agrees, and each Controlling Member agrees that it will not permit its Restricted Affiliates to incur additional Indebtedness other than Permitted Indebtedness as set out in the Master Indenture.*

Comply with SEC Rule 15c2-12. *Sutter, on behalf of the Obligated Group, will take such action as is necessary to assist the underwriters in complying with SEC Rule 15c2-12. Sutter will contractually agree to disclose designated financial and operating information to the Municipal Securities Rulemaking Board web site (EMMA) during the life of the bonds and to report designated "material events" such as missed debt service payments, any change in bond ratings, defeasance, redemptions, etc.*

A debt service reserve account is not expected to be pledged to the bonds.

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

SUTTER HEALTH and AFFILIATES
Consolidated Statements of Operations and
Changes in Net Assets
($ in millions)

	Year ended December 31,		
	2025	**2024**	**2023**
Net assets without donor restrictions			
Revenues			
Patient service revenues	$ 17,078	$ 15,812	$ 13,865
Premium revenues	2,208	2,009	1,806
Contributions	160	55	182
Other	374	331	277
Total revenues	19,820	18,207	16,130
Expenses			
Salaries and employee benefits	8,841	8,058	7,156
Purchased services	5,642	5,125	4,625
Supplies	2,688	2,346	2,018
Depreciation and amortization	755	702	691
Interest	213	178	162
Other	1,172	1,656	1,158
Total expenses	19,311	18,065	15,810
Income from operations	509	142	320
Nonoperating income			
Investment income, net	1,364	771	679
Gain on consolidation	-	-	48
Other components of net periodic postretirement cost	59	116	123
Other	(73)	(21)	-
Total nonoperating income, net	1,350	866	850
Net Income	1,859	1,008	1,170
Less income attributable to noncontrolling interests	(98)	(99)	(92)
Controlling interests			
Income attributable to controlling interests	1,761	909	1,078
Change in net unrealized gains and losses on investments classified as other-than-trading	3	5	12
Net assets released from restrictions for equipment acquisition	41	24	11
Postretirement-related changes other than net periodic postretirement cost	240	289	(495)
Other	(5)	59	-
Increase in controlling interest	2,040	1,286	606
Noncontrolling interests			
Income attributable to noncontrolling interests	98	99	92
Distributions	(90)	(94)	(90)
Other	(28)	(1)	2
(Decrease) Increase in noncontrolling interest	(20)	4	4
Net assets with donor restrictions:			
Contributions	81	136	61
Investment income	21	18	6
Change in net unrealized gains and losses on investments	15	7	17
Net assets released from restriction	(71)	(49)	(42)
Other	(2)	-	-
Gain on consolidation	-	-	4
Increase in net assets with donor restrictions	44	112	46
Increase in net assets	2,064	1,402	656
Net assets at beginning of year	13,777	12,375	11,719
Net assets at end of year	$ 15,841	$ 13,777	$ 12,375

SUTTER HEALTH and AFFILIATES
Consolidated Balance Sheets
($ in millions)

	Year ended December 31,		
	2025	**2024**	**2023**
Assets			
Current assets:			
Cash and cash equivalents	$ 879	$ 875	$ 559
Short-term investments	10,154	8,380	7,845
Patient accounts receivable	1,867	1,792	1,714
Other	1,474	1,170	1,285
Total current assets	14,374	12,217	11,403
Non-current investments	2,199	2,072	1,793
Property, plant and equipment, net	8,804	7,559	7,399
Other	1,615	1,817	1,280
Total non-current assets	12,618	11,448	10,472
Total assets	$ 26,992	$ 23,665	$ 21,875
Liabilities and net assets			
Current liabilities:			
Short-term borrowings	$ 199	$ -	$ -
Accounts payable	929	848	852
Accrued salaries and employee benefits	1,010	920	824
Other accrued expenses	1,244	1,406	1,200
Current portion of long-term obligations	43	347	47
Total current liabilities	3,425	3,521	2,923
Non-current liabilities:			
Long-term obligations, less current portion	6,354	4,858	5,207
Other	1,372	1,509	1,370
Total non-current liabilities	7,726	6,367	6,577
Total liabilities	11,151	9,888	9,500
Net assets:			
Without donor restrictions:			
Controlling interests	15,061	13,021	11,735
Noncontrolling interests	76	96	92
With donor restrictions	704	660	548
Total net assets	15,841	13,777	12,375
Total liabilities and net assets	$ 26,992	$ 23,665	$ 21,875

Financial Ratios:

	Proforma [a] FYE 12/31/2025	**2025**	**2024**	**2023**
Debt Service Coverage (x) -- Operating	2.2	2.6	4.5	5.7
Debt Service Coverage (x) -- Net	4.1	4.9	8.0	9.4
Debt/Unrestricted Net Assets (x)	0.5	0.4	0.4	0.4
Margin (%)		2.6	0.8	2.0
Current Ratio (x)		4.2	3.5	3.9

[a] Recalculates FY 2025 audited results to include the impact of this proposed financing.

The consolidated audited financial statements of Sutter Health were analyzed in this section. As of fiscal year ended December 31, 2025, the Obligated Group Members represented approximately 98% of the consolidated revenues and 95% of consolidated unrestricted net assets of Sutter Health.

Sutter has exhibited increasing total revenues over the review period, supported by patient service revenues.

Sutter has exhibited growth in Total revenues led by Patient service revenues increasing each year of the review period. Sutter's Patient service revenues increased 23.2% from approximately $13.9 billion in fiscal year (FY) 2023 to approximately $17.1 billion in FY 2025. Sutter attributes this increase to serving more patients, opening new care locations, and the addition of Sansum Clinic to the organization. Additionally, Premium revenues increased from nearly $1.8 billion in FY 2023 to just about $2.2 billion in FY 2025. Sutter's management explains this is due to continued growth of the Sutter Health Plan and value-based care programs.

In alignment with increasing Total revenues, Sutter's Total expenses also increased over the review period, growing from approximately $15.8 billion in FY 2023 to $19.3 billion in FY 2025, an increase of 22.1%. Expense increases are largely centered in Salaries and employee benefits, which grew from nearly $7.2 billion in FY 2023 to approximately $8.8 billion in FY 2025. Sutter states increases are due to additional employees and clinicians to care for more patients. Purchased services increased from approximately $4.6 billion in FY 2023 to just about $5.6 billion in FY 2025, nearly a 22% increase. Sutter attributes this increase to additional support for patient services.

Sutter is actively preparing with its Board and management team for the potential impact of the recent federal reconciliation bill, H.R. 1 (2025) regarding federal health care cuts, surge in uncompensated care, individual health insurance coverage losses, etc. Plans include ongoing advocacy at the federal and State levels, continuing to improve financial sustainability efforts ahead of full implementation of H.R. 1, and strengthening efforts in value-based care and guiding whole-person health. Despite the potential impact of H.R. 1, Sutter's management acknowledges the long-term economic trends in healthcare have not been sustainable for some time, and H.R. 1 underscores the urgency to transform and deliver more value.

Sutter's total assets increased during review period and exhibited a strong pro-forma FY 2025 net debt service coverage ratio of 4.1x.

Sutter appears to demonstrate a balance sheet with Total assets increasing from approximately $21.9 billion in FY 2023 to nearly $27.0 billion in FY 2025. Sutter's Short-term investments increased from about $7.8 billion in FY 2023 to nearly $10.2 billion in FY 2025. Sutter's management states the increase in Short-term investments was due to favorable investment markets and allocations to secure high-grade securities.

Sutter has demonstrated a consistently strong ability to repay its debt with net debt service coverage ratios (DSCR) of 9.4x in FY 2023, 8.0x in FY 2024, and 4.9x in FY 2025. With the issuance of the 2026 bonds, which consists of new money, refunding existing bonds, and refinancing a letter of credit and commercial paper, Sutter's proforma FY 2025 net DSCR decreases to 4.1x, indicating a continued strong ability to repay its debt. Sutter has maintained a level debt-to-unrestricted net assets ratio of 0.4x over the review period, showing a low reliance on debt in comparison to net assets. The new money debt combined with the conversion of the short-term line of credit and commercial paper to long-term debt through the issuance of the 2026 Bonds, increases Sutter's proforma FY 2025 debt-to-unrestricted net assets ratio to 0.5x, showing Sutter maintains a strong financial position to take on the additional debt.

IV. DUE DILIGENCE:

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

- **Section 15438.5(a) of the Act (Savings Pass Through):** Sutter completed and submitted the "Pass-Through Savings Certification."
- **Section 15459.1 of the Act (Community Service Requirement):** Sutter completed and submitted the Community Service Obligation certification and indicated that Medi-Cal and Medicare patients are accepted.
- **Compliance with Section 15455(b) of the Act (California Environmental Quality Act):** Sutter submitted relevant documentation addressing CEQA.
- **Legal Review:** Sutter completed and submitted relevant documentation for the Authority's Legal Questionnaire.
- **Iran Contracting Act Certificate:** The underwriters each submitted the Iran Contracting Act Certificate.

V. OUTSTANDING DEBT

As of December 31, 2025, the Obligated Group's outstanding long-term debt totaled approximately $6.4 billion, of which approximately $1.8 billion (28%) was comprised of debt issued through the Authority.

Considering the issuance of the 2026 Bonds, consisting of new money, refunding of the 2016B Bonds, and refinancing of a line of credit and commercial paper, Sutter's total outstanding long-term debt increases to approximately $7.5 billion, and the amount of debt issued through the Authority increases to approximately $2.9 billion (39%).

VI. UTILIZATION STATISTICS

	Fiscal Year Ended December 31,		
	2025	**2024**	**2023**
Licensed Beds - Acute Care	3,978	3,942	3,942
Beds in Service - Acute Care	3,959	3,899	3,909
Admissions	211,551	203,828	190,338
Patient Days - Acute Care	914,810	942,028	899,391
Average Length of Stay (Days)	4.3	4.6	4.7
Occupancy %	63.3	66.2	63.0
Emergency Room Visits	959,662	937,684	854,170

VII. BACKGROUND AND LICENSURE

Background

Sutter Health, a California nonprofit public benefit corporation (Sutter), is the "parent" of various organizations that directly or indirectly, through one or more intermediaries, are controlled by, or are under common control with, Sutter (each, an "Affiliated Entity" and, collectively, the "Affiliated Entities"). The operations of the Affiliated Entities are primarily in Northern California. The Affiliated Entities, together with Sutter, comprise the Sutter system and provide a full range of health care and related services through an integrated health care delivery model. Sutter also provides certain centralized support functions to the Sutter system, which includes administrative services and system initiatives throughout Northern California.

The mission of the Sutter system is to enhance the well-being of people in the communities it serves through a not-for-profit commitment to compassion and excellence in health care services. The Sutter system's vision is to lead the transformation of health care to achieve the highest levels of quality, access and affordability. At both local and operating unit levels, the Sutter system's goal is to be the preferred provider to its patients and customers, the best place to work and a role model of community citizenship.

As of December 31, 2025, the Sutter system included:

- 26 acute care campus facilities (one of which is an acute psychiatric facility operating under a separate individual license number) and one chemical dependency recovery hospital, collectively operating under 24 licenses, with a total of approximately 4,000 licensed beds;
- 340 medical foundation clinics and urgent care sites that operate, in part, through contracts with medical groups organized as professional corporations accounting for the services of approximately 6,405 primary and specialty care physicians, advanced practice clinicians, and clinical staff;
- The largest non-profit ambulatory surgery center manager in the State of California;
- One of the largest home health businesses in the United States, with an average daily census of approximately 8,500 patients, consisting of 14 home health locations, nine hospice locations, two infusion pharmacies, and two home medical equipment divisions; and
- 32 accredited Graduate Medical Education programs designed to train approximately 600 residents at full capacity.

Obligated Group

The Obligated Group is the central financing vehicle of credit for Sutter and was formed to facilitate access to capital for Sutter Health and selected Affiliated Entities by unifying the credit of the Obligated Group Members through the Master Indenture.

Obligated Group Members

- Sutter Bay Hospitals
- Sutter Bay Medical Foundation
- Sutter Coast Hospital
- Sutter Health
- Sutter Valley Hospitals
- Sutter Valley Medical Foundation
- Sutter Visiting Nurse Association and Hospice
- Sansum Clinic

Only the Obligated Group Members have assumed financial obligations related to the payment or security for any bonds or any other obligations incurred under the Master Indenture.

Licensure and Memberships

All Sutter affiliated hospitals are licensed by the Department of Public Health. The Obligated Group Members that operate acute care hospital facilities participate in the Medicare program and provide a range of services to Medicare and Medi-Cal patients under various payment arrangements.

VIII. STAFF RECOMENDATION

Staff recommends the Authority approve Resolution Number 472 in an amount not to exceed $1,600,000,000 for Sutter Health, subject to the conditions in the resolution. TAP International, Inc., the Authority’s financial analyst, and KNN Public Finance, LLC, the Authority’s municipal advisor, concur with the Authority’s staff recommendation.

EXHIBIT 1

PROJECT SITES

- 1501 Trousdale Drive, Burlingame, CA 94010
- 1101 Van Ness Avenue, San Francisco, CA 94109
- 3501 Cesar Chavez, San Francisco, CA 94110
- 601 Duboce Avenue, San Francisco, CA 94117
- 50 S San Mateo Drive, San Mateo, CA 94401
- 20103 Lake Chabot Road, Castro Valley, CA 94546
- 4125, 4155, 4255, 4385, & 5075 Hopyard Road, Pleasanton, CA 94588
- 4480 Willow Road, Pleasanton, CA 94588
- 1400 53rd Street, Emeryville, CA 94608
- 4556, 4563, 4595 & 5317 Horton Street, Emeryville, CA 94608
- 5117 & 5555 Hollis Street, Emeryville, CA 94608
- 5300 & 5600 Chiron Way, Emeryville, CA 94608
- 2431, 2441, 2451, 2811, 2817, 2821, 2831, & 2841 Mission College Boulevard, Santa Clara, CA 95054
- 2900 Chanticleer Avenue, Santa Cruz, CA 95065
- 2505 West Hammer Lane, Stockton, CA 95209
- 1700 & 1800 Coffee Road, Modesto, CA 95355
- 11815 Education Street, Auburn, CA 95602
- 2000 & 2020 Sutter Place, Davis, CA 95616
- 1655 Wellspring Drive, Folsom, CA 95630
- 100 Mission Boulevard, Jackson, CA 95642
- 1, 2, 6, & 8 Medical Plaza Drive, Roseville, CA 95661
- 8210 Laguna Boulevard, Elk Grove, CA 95758
- 660 J Street, Sacramento, CA 95814
- 1651 Exposition Boulevard, Sacramento, CA 95815
- 2801 L Street, Sacramento, CA 95816
- 2825 Capitol Avenue, Sacramento, CA 95816
- 480 Plumas Street, Yuba City, CA 95991
- 550 B Street, Yuba City, CA 95991
- 28 acres of vacant land generally located at Hacienda Drive and I-580, Dublin, CA 94568
- acquisition of approximately 19 acres of land generally located near East Bidwell Street and Iron Point Road, Folsom, CA 95630

EXHIBIT 2

FINANCING TEAM

Borrower:	Sutter Health
Agent for Sale:	California State Treasurer
Issuer's Counsel:	Office of the Attorney General
Issuer's Municipal Advisor:	KNN Public Finance, LLC
Issuer's Financial Analyst:	TAP International, Inc.
Borrower's Counsel:	Norton Rose Fulbright LLP
Bond Counsel:	Orrick, Herrington & Sutcliffe LLP
Senior Managing Underwriter:	Jefferies LLC and/or its affiliates
Underwriter:	J.P. Morgan Securities LLC and/or its affiliates
Underwriters' Counsel:	Hawkins Delafield & Wood LLP
Trustee and Master Trustee:	U.S. Bank Trust Company, National Association
Trustee's and Master Trustee's Counsel:	Dorsey & Whitney LLP
Rating Agencies:	Moody's Investors Service, Inc. Standard & Poor's Financial Services, LLC Fitch Ratings, Inc.
Auditor:	Ernst & Young LLP

RESOLUTION NO. 472

RESOLUTION OF THE CALIFORNIA HEALTH FACILITIES FINANCING AUTHORITY AUTHORIZING THE ISSUANCE OF REVENUE BONDS TO FINANCE AND/OR REFINANCE PROJECTS AT THE HEALTH FACILITIES OF SUTTER HEALTH AND/OR CERTAIN OF ITS AFFILIATES

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

WHEREAS, Sutter Health is a nonprofit public benefit corporation duly organized and existing under the laws of the State of California (the "Borrower"), which is the sole corporate member of various of its affiliates that own and operate health facilities in the State of California; and

WHEREAS, the Authority has previously issued the California Health Facilities Financing Authority Refunding Revenue Bonds (Sutter Health), Series 2016B (the "Prior Bonds"), proceeds of which refinanced health facilities as more particularly described under the caption "Description of the Project – The Prior Project" in Exhibit A 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 $1,600,000,000, and make one or more loans of the proceeds thereof to the Borrower (i) to finance (including by reimbursing expenditures made for such purposes) and/or refinance (including by refinancing certain existing commercial paper and/or lines of credit of the Borrower) the costs of the acquisition, construction, expansion, remodeling, renovation, furnishing and/or equipping of certain health facilities of the Borrower and/or certain of its affiliates, as more particularly described under the caption "Description of the Project – The New Project" in Exhibit A hereto (the "New Project" and together with the Prior Project, the "Project"); (ii) to refund all or a portion of the Prior Bonds; (iii) at the option of the Borrower, to pay costs of issuance of such revenue bonds; and (iv) at the option of the Borrower, to finance working capital as permitted by the Act;

WHEREAS, to the extent required by subdivision (b) of Section 15455 of the California Government Code, the Borrower has provided documentation to the Authority, to the extent applicable, that the Project has complied with Division 13 (commencing with Section 21000) of the California 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 (Sutter Health), Series 2026" (the "Bonds"), in a total aggregate principal amount not to exceed $1,600,000,000, are hereby authorized to be issued from time to time, in one or more series, with such other name or names of the Bonds or series thereof as designated in any of the bond indentures pursuant to which the Bonds will be issued. The proceeds of the Bonds shall be used for any or all of the purposes set forth in the fourth recital above.

SECTION 2. The Treasurer of the State of California (the "Treasurer") is hereby authorized to enter into agreements to sell the Bonds in one or more series, on one or more sale dates at any time prior to the first anniversary of the date of this Resolution, at public or private sale, in such aggregate principal amounts (not to exceed the aggregate principal amount set forth in Section 1 hereof) and in such series, at such prices (so long as the discount on the Bonds sold shall not exceed 6 percent of the par value thereof) and at such interest rate or rates and upon such other terms and conditions as the Treasurer, with the advice and consent of the 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, reserve funds, bond insurance, credit facilities and other security arrangements and/or supported by one or more liquidity facilities.

SECTION 3. The proposed forms of the following documents:

(i) One or more loan agreements relating to the Bonds (the "Loan Agreements"), each between the Authority and the Borrower,

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

(iii) One or more bond purchase contracts, including the exhibits thereto, relating to the Bonds (collectively, the "Purchase Contracts"), each among any of Jefferies LLC and/or J.P Morgan Securities LLC, or any of their respective affiliates, for itself or as representative of any underwriters named in the Purchase Contracts as finally executed (the "Underwriter"), the Treasurer and the Authority, and approved by the Borrower, and

(iv) One or more 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 credit and/or liquidity facility and/or another security arrangement, at the sole option of the Borrower, for any series of the 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 and provisions for the extension thereof (not exceeding 40 years from the respective date of issue), interest rates, interest rate modes, manner of determining interest rates, interest payment dates, series designation, denominations, forms, registration privileges or requirements, place or places of payment, terms of tender or purchase, terms of redemption, provisions governing transfer and other terms of the Bonds, including provisions for a credit facility and/or a liquidity facility from time to time, shall be as provided in each Bond Indenture, as finally executed.

SECTION 6. The 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 the 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 Bond Trustee for authentication by the Bond Trustee. The Bond Trustee is hereby requested and directed to authenticate the Bonds by executing the Bond 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, the Loan Agreements, the Purchase Contracts and the Official Statements. The Authority hereby approves any and all documents to be delivered in furtherance of the foregoing purposes, including without limitation: (a) tax certificate and agreements 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. 2026-01, 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. The Authority hereby approves the execution and delivery of all agreements, documents, certificates and instruments referred to herein with electronic signatures as may be permitted under the Uniform Electronic Transactions Act (California Civil Code section 1633.1, et. seq.) and digital signatures as may be permitted under Section 16.5 of the California Government Code using DocuSign.

SECTION 12. This Resolution shall take effect from and after the date of adoption.

Date of Adoption: ___________________________

EXHIBIT A

DESCRIPTION OF THE PROJECT

The New Project

The New Project consists of the financing and/or refinancing of the acquisition, construction, expansion, remodeling, renovation, furnishing and/or equipping (including by reimbursing expenditures made for such purposes) of certain capital improvements to certain health facilities, including land, owned and/or principally used by one or more of Sutter Health, Sutter Bay Hospitals, Sutter Bay Medical Foundation, Sutter Valley Hospitals and Sutter Valley Medical Foundation (collectively, the "Project Affiliates") and to finance working capital of one or more of the Project Affiliates, and generally located at the following locations in the State of California: (i) acquisition of Emery Yards generally located at 1400 53rd Street, Emeryville; 4556, 4563, 4595 and 5317 Horton Street, Emeryville; 5117 and 5555 Hollis Street, Emeryville; 5300 and 5600 Chiron Way, Emeryville; (ii) the campus of Sutter Santa Clara generally located at 2431, 2441, 2451, 2811, 2817, 2821, 2831, and 2841 Mission College Blvd, Santa Clara; (iii) the campus of the Sutter Arden care center generally located at 1651 Exposition Boulevard, Sacramento; (iv) the campus of Sutter Medical Center, Sacramento generally located at 2825 Capitol Avenue, Sacramento; (v) the campus of Sutter Roseville Medical Center generally located at 1 and 6 Medical Plaza Drive, Roseville; (vi) medical office buildings generally located at 2 and 8 Medical Plaza, Roseville; (vii) medical office building located at 660 J Street, Sacramento; (viii) the campus of California Pacific Medical Center – Van Ness generally located at 1101 Van Ness Avenue, San Francisco; (ix) acquisition of approximately 28 acres of vacant land generally located at Hacienda Drive and I-580, Dublin; (x) acquisition of approximately 19 acres of land generally located near East Bidwell Street and Iron Point Road, Folsom; (xi) medical office building generally located at 1655 Wellspring Drive, Folsom; (xii) the campus of California Pacific Medical Center – Mission Bernal generally located at 3501 Cesar Chavez, San Francisco; (xiii) medical office building generally located at 50 S San Mateo Drive, San Mateo; (xiv) campus of Eden Medical Center generally located at 20103 Lake Chabot Road, Castro Valley; (xv) campus of Modesto Cancer Center at Memorial Medical Center generally located at 1700 and 1800 Coffee Road, Modesto; (xvi) medical office building generally located at 4480 Willow Road, Pleasanton; (xvii) medical office building generally located at 5075 Hopyard Road, Pleasanton; (xviii) laboratories generally located at 4125, 4155, 4255 & 4385 Hopyard Road, Pleasanton; and (xix) medical office building generally located at 8210 Laguna Boulevard, Elk Grove.

The Prior Project

The Prior Project comprises the 2007 Project, 2005 Project and 2003 Project, each as described below.

2007 Project

The financing of the costs of acquisition, construction and expansion of certain capital improvements to certain health facilities, including land, owned and/or principally used by one or more of the Project Affiliates and generally located at the following locations in the State of California: (i) the California Pacific Medical Center – Davies Campus, generally located at 601 Duboce Avenue, San Francisco; (ii) the campus of Memorial Medical Center, generally located at 1700 Coffee Rd., Modesto; (iii) the campus of Sutter Amador Hospital, generally located at 100

Mission Blvd., Jackson; (iv) the campus of Sutter Roseville Medical Center, generally located at 1 Medical Plaza Drive, Roseville; (v) the campus of Stockton Medical Plaza, generally located at 2505 West Hammer Lane, Stockton; and (vi) the campus of Mills-Peninsula Medical Center, generally located at 1501 Trousdale Drive, Burlingame.

2005 Project

The refinancing of the costs of acquisition, construction, expansion and improvement of certain capital improvements to certain health facilities, including land, owned and/or principally used by one or more of the Project Affiliates and generally located at the following locations in the State of California: (i) the campus of Sutter Maternity and Surgery Center of Santa Cruz, generally located at 2900 Chanticleer Avenue, Santa Cruz; and (ii) the campus of Sutter Roseville Medical Center, generally located at 1 Medical Plaza Drive, Roseville.

2003 Project

The financing of the costs of acquisition, construction, expansion and improvement of certain capital improvements to certain health facilities, including land, owned and/or principally used by one or more of the Project Affiliates and generally located at the following locations in the State of California: (i) the campus of care centers, generally located at 480 Plumas Street and 550 B Street, Yuba City; (ii) the campus of Memorial Medical Center, generally located at 1700 Coffee Rd., Modesto; (iii) the campus of Sutter Medical Center, Sacramento, generally located at 2801 L Street and 2825 Capitol Avenue, Sacramento; (iv) the campus of Sutter Auburn Faith Hospital, generally located at 11815 Education Street, Auburn; (v) the campus of Sutter Davis Hospital, generally located at 2000 and 2020 Sutter Place, Davis; and (vi) the campus of Sutter Roseville Medical Center, generally located at 1 Medical Plaza Drive, Roseville.