CALIFORNIA HEALTH FACILITIES FINANCING AUTHORITY
COMMERCIAL PAPER PROGRAM
EXECUTIVE SUMMARY

Applicant/Borrower:	Sutter Health (Sutter) 2200 River Plaza Drive Sacramento, CA 95833 Sacramento County	**Amount Requested:** **Date Requested:** **Requested Loan Term:** **Resolution Number:**	$200,000,000 July 30, 2026 Up to 40 years CP-02
Project Sites:	See Exhibit 1		
Facility Types:	Acute Care Hospital, sub-acute and outpatient care		
Eligibility:	Government Code 15432(d)(1)		
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 Note Proceeds: Tax-exempt commercial paper notes will be issued to fund, including reimbursement for, the acquisition, construction, expansion, remodeling, renovation, furnishing and/or equipping of certain Sutter health facilities.

Type of Issue:	Tax-exempt commercial paper notes with maturities of up to 270 days for each draw (minimum denomination of $100,000, and integral multiples of $1,000 in excess thereof)
Expected Short-Term Credit Ratings:	A-1 / F1+; 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 exhibited a strong current ratio of 4.2x in FY 2025.

Estimated Sources of Funds:			**Estimated Uses of Funds:**		
Note proceeds	$	200,000,000	Capital Projects	$	200,000,000
Total Estimated Sources	$	200,000,000	**Total Estimated Uses**	$	200,000,000

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 CP-02 in an amount not to exceed $200,000,000 for Sutter Health to issue tax-exempt commercial paper notes, subject to the notes meeting the minimum Commercial Paper Program requirements specified in Resolution No. 2023-05. 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.

Disclaimer: *Any information in this staff report related to the Borrower or the capital projects to be financed, including any data or analysis related to the Borrower's financial condition or ability to repay the financing, is based on information provided by the Borrower and was prepared solely for members of the Authority's Board to satisfy certain provisions of the California Health Facilities Financing Authority Act (Gov. Code, §15430 et seq.). This staff report does not constitute a recommendation by the Authority to purchase the notes. Prospective investors are advised to read the entire Commercial Paper Offering Memorandum with respect to the notes to obtain information essential to making an informed investment decision.*

(BC/JB)

STAFF SUMMARY, ANALYSIS, AND RECOMMENDATION

I. PURPOSE OF FINANCING:

Sutter is requesting to establish a tax-exempt commercial paper program to authorize the issuance, from time to time, of tax-exempt commercial paper notes in an aggregate principal amount not to exceed, at any one time, $200,000,000. The commercial paper program will provide Sutter with a flexible source of tax-exempt financing to reimburse or fund eligible capital expenditures as project costs are incurred. Note proceeds will be used to finance the costs of acquisition, construction, expansion, remodeling, renovation, furnishing, and/or equipping of various health facilities and related capital improvement projects. The proposed projects are intended to expand access to healthcare services, modernize existing health facilities, and support Sutter's long-term capital investment strategy.

Capital Projects $200,000,000

Note 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. 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 and sports medicine, and heart and vascular services.

Total Estimated Uses of Funds.. $200,000,000

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 notes 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 agreement 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 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. 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 dealers 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 a master indenture obligation issued relating to the Notes. All Revenues (which will include payments by Sutter under the loan agreement and payments by the Obligated Group under the master indenture obligation), are pledged to secure the full payment of the Notes, as further described in the 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.*

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.*

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

Staff has completed its due diligence, and KNN Public Finance, LLC has reviewed the loan agreement, indenture, and prior Sutter offering documents associated with this financing package and found these documents and proposed covenants to be acceptable.

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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
Days Cash on Hand (x)		217.0	194.6	202.9

[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.

Financial Discussion

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 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's total assets increased during review period and exhibited a strong current ratio of 4.2x in FY 2025.

Sutter demonstrates 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 and high-grade securities.

Sutter has maintained a strong liquidity position throughout the review period, as demonstrated by current ratios of 3.9x in FY 2023, 3.5x in FY 2024, and 4.2x in FY 2025. The current ratio indicates Sutter has consistently maintained more than sufficient current assets to meet its short-term obligations. Sutter also reported days cash-on-hand of 203 days in FY 2023, 195 days in FY 2024, and 217 days in FY 2025, reflecting substantial liquidity available to support ongoing operations and short-term financing needs. Collectively, these liquidity metrics demonstrate Sutter's strong financial position and its ability to effectively manage the proposed commercial paper program.

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. Below is a link to the COH's most recent Annual Report regarding community service:

  https://reports.sutterhealth.org/annualreport-2025/

- **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 dealers submitted the Iran Contracting Act Certificate.

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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.

Upon establishment of the commercial paper program, the Obligated Group will have the ability to issue up to $200 million of tax-exempt commercial paper notes on a revolving basis to finance eligible capital expenditures. Because commercial paper is a short-term financing instrument, outstanding notes are expected to mature within 1 to 270 days and may be remarketed or refinanced as additional funding needs arise.

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 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 clinic 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 leading 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 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 RECOMMENDATION

Staff recommends the Authority approve Resolution Number CP-02 in an amount not to exceed $200,000,000 for Sutter Health to issue tax-exempt commercial paper notes, subject to the notes meeting the minimum Commercial Paper Program requirements specified in Resolution No. 2023-05. 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

- 1101 Van Ness Avenue, San Francisco, CA 94109
- 3501 Cesar Chavez, San Francisco, CA 94110
- 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
- 1700 & 1800 Coffee Road, Modesto, CA 95355
- 1655 Wellspring Drive, Folsom, CA 95630
- 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
- 2825 Capitol Avenue, Sacramento, CA 95816
- 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
Note Counsel:	Orrick, Herrington & Sutcliffe LLP
Dealers:	Jefferies LLC and/or its affiliates J.P. Morgan Securities LLC and/or its affiliates
Dealers' 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
Issuing and Paying Agent:	U.S. Bank Trust Company, National Association
Issuing and Paying Agent's Counsel:	Dorsey & Whitney LLP
Rating Agencies:	Standard & Poor's Financial Services, LLC Fitch Ratings, Inc.
Auditor:	Ernst & Young LLP

RESOLUTION NO. CP-02

RESOLUTION OF THE CALIFORNIA HEALTH FACILITIES FINANCING AUTHORITY AUTHORIZING THE ISSUANCE OF COMMERCIAL PAPER REVENUE NOTES FROM TIME TO TIME 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 (including notes) 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 Borrower has requested that the Authority issue one or more series of its tax-exempt commercial paper revenue notes from time to time in an aggregate principal amount outstanding at any time not to exceed $200,000,000 (collectively, the "Commercial Paper Notes"), and make one or more loans of the proceeds thereof to the Borrower to finance (including by reimbursing expenditures made for such purposes) and/or refinance (including by refinancing indebtedness of the Borrower) certain 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 "The Projects" in Exhibit A hereto (collectively, the "Projects"); and

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 Projects have complied with Division 13 (commencing with Section 21000) of the California Public Resources Code or are not "projects" under such division; and

WHEREAS, approval of the terms of issuance and sale of the Commercial Paper Notes and various related matters is now sought;

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

Section 1. The Borrower's application for financial assistance filed with the Authority is hereby approved.

Section 2. Pursuant to the Act, the Commercial Paper Notes of the Authority, to be designated generally as the "California Health Facilities Financing Authority Tax-Exempt Commercial Paper Revenue Notes (Sutter Health)" or such other name or names as may be designated in the applicable Indenture hereinafter mentioned, in an aggregate principal amount not to exceed $200,000,000 outstanding at any one time, are authorized to be issued. The proceeds of the Commercial Paper Notes shall be used for any or all of the purposes set forth in the third recital above. The Commercial Paper Notes may, at the discretion of the Borrower, be issued from time to time in accordance with the hereinafter defined Indenture, Issuing and Paying Agent Agreement, Loan Agreement, Dealer Agreements, Tax Certificate and Agreement and Offering Memorandum (the "Commercial Paper Note Documents").

Section 3. The Treasurer of the State of California (the "Treasurer"), acting through the duly authorized representatives of the Borrower and pursuant to the Commercial Paper Note Documents, is hereby authorized and directed to sell such Commercial Paper Notes from time to time, at public or private sale, in such aggregate principal amounts (not to exceed $200,000,000 in aggregate principal amount outstanding at any one time), at such price or prices (so long as the discount on the Commercial Paper Notes sold shall not exceed six percent (6%) of the par value thereof), at such times, bearing interest at such rates, with such maturity dates and upon such other terms and conditions as the Borrower may determine; <u>provided</u>, however, that no Commercial Paper Note shall have a maturity date more than 270 days following the date of issuance thereof. Such sales shall only occur after (1) the Treasurer has duly approved the issuance of the Commercial Paper Notes following a properly noticed public hearing with respect to the Commercial Paper Notes in accordance with Section 147(f) of the Internal Revenue Code of 1986, as amended, and (2) the Commercial Paper Notes meet the minimum commercial paper program requirements, as currently specified in Resolution No. 2023-05 of the Authority, adopted July 27, 2023. The Commercial Paper Notes or any series of them may, at the sole option of the Borrower, be secured by deeds of trust, reserve funds, note insurance, credit facilities and other security arrangements and/or supported by one or more liquidity facilities.

Section 4. The proposed forms of the following documents:

(i) the loan agreement relating to the Commercial Paper Notes (the "Loan Agreement"), between the Authority and the Borrower;

(ii) the indenture relating to the Commercial Paper Notes (the "Indenture"), between the Authority and U.S. Bank Trust Company, National Association, as trustee (the "Trustee");

(iii) the issuing and paying agent agreement relating to the Commercial Paper Notes (the "Issuing and Paying Agent Agreement"), among the Authority, the Borrower and U.S. Bank Trust Company, National Association, as issuing and paying agent (the "Issuing and Paying Agent");

(iv) one or more dealer agreements, including the exhibits thereto, relating to the Commercial Paper Notes (collectively, the "Dealer Agreements"), among any of Jefferies LLC and/or J.P. Morgan Securities LLC, or any of their respective affiliates, as dealer (each a "Dealer" and, collectively, the "Dealers"), the Treasurer, the Authority and the Borrower; and

(v) the commercial paper offering memorandum, relating to the Commercial Paper Notes (the “Offering Memorandum”);

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

Section 5. The Authority hereby specifically finds and declares that the findings of the Authority set forth in the Loan Agreement are true and correct.

Section 6. The dated dates, the final maturity date (not exceeding 40 years from the first date of issue), interest rates, the manner of determining maturity dates and interest rates, principal and interest payment dates, denominations, forms, registration privileges or requirements, place or places of payment, terms of redemption, if any, provisions governing transfer and other terms of the Commercial Paper Notes, including provisions for credit facilities and/or liquidity facilities, as applicable, from time to time, shall be as provided in the Indenture or Issuing and Paying Agent Agreement, each as finally executed.

Section 7. The Dealers are hereby authorized to distribute the Offering Memorandum to persons who may be interested in the purchase of the Commercial Paper Notes offered from time to time, it being understood that, at the discretion of the Dealers (in consultation with the Borrower), an Offering Memorandum may not be used with respect to any series of Commercial Paper Notes. Subject to the immediately preceding sentence, the Dealers are hereby directed to deliver a copy of the Offering Memorandum to all actual purchasers of the Commercial Paper Notes.

Section 8. The Commercial Paper Notes, when executed, shall be delivered to the Issuing and Paying Agent for authentication. The Issuing and Paying Agent is hereby requested and directed to countersign for authentication the Commercial Paper Notes by executing the same and to deliver the Commercial Paper Notes, when duly executed and authenticated, from time to time to the Dealers, in accordance with the Commercial Paper Note Documents.

Section 9. The Chair (or any Deputy), the Executive Director, or any other person or persons designated as an Authorized Representative, as that term is defined in the Indenture, of the Authority by a certificate of the Authority signed by its Chair (or any Deputy) or Executive Director and filed with the Trustee from time to time, are hereby designated as Authorized Representatives, as that term is used in the Indenture, and any such Authorized Representative, acting alone, is hereby authorized and directed, for and in the name and on behalf of the Authority, to do any and all things and take any and all actions, and execute and deliver any and all certificates, agreements and other documents, including but not limited to “Note Orders,” as such term is defined in the Indenture, and other documents and actions contemplated on the part of the Authority under the Indenture and the Issuing and Paying Agent Agreement, that are necessary for the ongoing administration of the commercial paper program for the Commercial Paper Notes.

Section 10. 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 from time to time of the Commercial Paper Notes and otherwise to effectuate the purposes of this Resolution and the Commercial Paper Note Documents. The Authority hereby approves any and all documents to be delivered or acts to be done in furtherance of the foregoing purposes, including without limitation: (a) a Tax Certificate and Agreement, between the Authority and the Borrower (as supplemented and amended from time to time, the "Tax Certificate and Agreement") and other certifications and IRS Forms 8038; (b) any agreement or commitment letter with respect to the provisions of note insurance, a letter of credit, a surety bond, a credit facility and/or a liquidity facility for any Commercial Paper Note; and (c) any and all ministerial acts, including periodic updates to the section within the Offering Memorandum entitled "The Authority," any insurance, guaranty or credit or liquidity agreements, as may be required from time to time relating to the Commercial Paper Notes and such other consents, approvals, agreements, notices, orders, designations, requests, certificates, instruments and other actions which such officers, with the advice of counsel to the Authority, deem necessary or advisable in order to consummate the issuance, sale and delivery of the Commercial Paper Notes from time to time and otherwise to effectuate the purposes of this Resolution and the Commercial Paper Note Documents. The Treasurer is hereby requested and authorized to take any and all actions within the Treasurer's authority as agent for sale of the Commercial Paper Notes that the Treasurer may deem necessary or advisable in order to consummate the issuance, sale and delivery of the Commercial Paper Notes, and to otherwise effectuate the purposes of this Resolution.

Section 11. 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 12. 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 13. 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 14. This Resolution shall take effect from and after the date of adoption.

Date of Adoption: ______________________________

EXHIBIT A

THE PROJECTS

The term "***Projects***" means, collectively, the acquisition, construction, expansion, remodeling, renovation, furnishing and/or equipping of certain capital improvements to certain health facilities, including land, owned and/or principally used by one or more of the Borrower, Sutter Bay Hospitals, Sutter Bay Medical Foundation, Sutter Valley Hospitals and Sutter Valley Medical Foundation (collectively, the "Project Affiliates"), but only to the extent that the cost thereof has been financed (including by reimbursing expenditures made for such purposes) or refinanced (including by refinancing indebtedness of the Borrower) from proceeds of the Commercial Paper Notes:

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.

xix. medical office building generally located at 8210 Laguna Boulevard, Elk Grove.