CALIFORNIA HEALTH FACILITIES FINANCING AUTHORITY
BOND FINANCING PROGRAM
EXECUTIVE SUMMARY

Applicant:	CommonSpirit Health (CommonSpirit) 444 W. Lake Street Chicago, IL 60606	**Amount Requested:** **Requested Loan Term:** **Authority Meeting Date:** **Resolution Number:**	$326,000,000 Up to 40 years February 29, 2024 458

Project Site: *See Exhibit 1*
Facility Type: Acute Care Hospital
Eligibility: Government Code Section 15432(d)(1)
Prior Borrower: Yes (date of last Authority issue October 2020)
Obligated Group: See page 11 to identify Obligated Group members

Background: CommonSpirit, a 501(c)(3) nonprofit corporation, is the parent company of the CommonSpirit Health system that was created in 2019 with the combination of Catholic Health Initiatives (CHI) and Dignity Health into a single nonprofit health system. CommonSpirit owns and operates health care facilities in 24 states across approximately 2,250 care sites with 142 hospitals, which include academic health centers, major teaching hospitals, and critical access facilities among other beneficial organizations and groups. Dignity Health, a CommonSpirit affiliate, operates 33 acute care hospitals across California.

Use of Proceeds: Bond proceeds will be used to finance or reimburse the costs of acquisition, construction, expansion, remodeling, renovation, furnishing, and equipping of certain health facilities in California owned and operated by Dignity Health.

Type of Issue: Negotiated public offering, tax-exempt fixed rate bonds and/or long-term rate bonds
Expected Credit Rating: Baa1/A-/A-; Moody's/S&P/Fitch
Financing Team: *See Exhibit 2 to identify possible Conflicts of Interest*

Financial Overview: CommonSpirit's income statement exhibits a steady increase in revenue during the review period. CommonSpirit's balance sheet supports an adequate financial position with a proforma FY 2023 net debt service coverage ratio of 1x.

Estimated Sources of Funds:		**Estimated Uses of Funds:**	
Bond proceeds	$ 326,000,000	Project fund	$ 322,740,000
		Financing costs	3,260,000
Total Estimated Sources	$ 326,000,000	**Total Estimated Uses**	$ 326,000,000

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

Staff Recommendation: Staff recommends the Authority approve Resolution No. 458 in an amount not to exceed $326,000,000 for CommonSpirit Health, subject to the terms and conditions in the resolution. TAP International, Inc., the Authority's financial analyst, and KNN Public Finance, LLC (KNN), the Authority's municipal advisor, concur with the Authority's staff recommendation.

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

STAFF SUMMARY, ANALYSIS, AND RECOMMENDATION

I. PURPOSE OF FINANCING

CommonSpirit is requesting approval to issue tax-exempt bonds in an amount not to exceed $326 million. Bond proceeds will be used to provide additional funding for ongoing construction and/or renovation projects at certain CommonSpirit facilities located in California. Bond proceeds will also be used for upgrades to meet seismic safety standards at one of its acute care hospitals in California. At the sole option of CommonSpirit, bond proceeds may also be used to pay costs of issuance and/or provide a reserve fund for the bonds.

Concurrently with the Authority bond issuance, CommonSpirit also intends to issue approximately $1.8 billion in corporate taxable bonds to refund and consolidate existing debt and approximately $798 million in tax-exempt bonds through the Colorado Health Facilities Authority (COHFA) to refund existing debt and to fund projects located in Arizona, Nebraska, Utah, and Colorado. In total, CommonSpirit anticipates issuing up to $2.9 billion, comprised of the corporate taxable bonds and the tax-exempt bonds to be issued through CHFFA and COHFA.

Project Fund $322,740,000

Mercy San Juan Medical Center
Bond proceeds will be used for certain projects, including the renovation of the labor, delivery, recovery, and postpartum department facilities, and the construction of a new interventional radiology bi-plane laboratory.

Mercy Redding Cancer Center
Bond proceeds will be used for certain projects, including the development of a 40,000 square foot regional cancer center with medical oncology services, chemotherapy, immunotherapy, radiation therapy, specialty pharmacy, laboratory, positron emission tomography, computed tomography, and magnetic resonance imaging, as well as community education and support space.

California Hospital Medical Center
Bond proceeds will be used for certain projects, including the construction of a new four-story, 145,000 square foot acute care hospital building containing a new emergency department, neonatal intensive care unit, labor and delivery, postpartum, and antepartum beds, and shelled space for future medical-surgical beds.

St. Bernadine Medical Center
Bond proceeds will be used for certain projects, including upgrades to meet seismic safety standards for: (a) the two-story ancillary building on campus that houses catheterization labs, operating rooms, radiological services, central sterile, and an inpatient pharmacy, and (b) the central patient tower that houses medical surgical rooms, cardiac ambulatory, labor and delivery units, and the intensive care and critical care units.

Mercy Hospital Southwest

Bond proceeds will be used for certain projects, including the construction of a new 106-bed patient tower that will include a private neonatal intensive care unit, a new intensive care unit, cardiac catheterization labs, six operating rooms, an expanded emergency department, and parking.

Financing Costs		**3,260,000**
Estimated cost of issuance	$1,630,000	
Estimated underwriter's discount	1,630,000	
Total Estimated Uses of Funds		**$326,000,000**

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II. PROPOSED COVENANTS, SECURITY PROVISIONS AND DISCLOSURES

This executive summary and recommendations include minimum requirements. Additional or more stringent covenants or disclosures may be added following consultation with Authority staff but without further notification to the Authority's Board. 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 CommonSpirit's proposed credit profile, including its current financial profile, prior CommonSpirit bond transactions, and current market requirements, CommonSpirit, KNN, and the underwriters have concluded that the covenants listed below align with the interests of CommonSpirit, the Authority, and the investors and that CommonSpirit's current financial situation does not suggest additional covenants should be required.

<u>Obligated Group:</u> In calendar year 2019, substantially all of the indebtedness of CHI and Dignity Health was consolidated under a single Master Indenture, with CommonSpirit Health as the Obligated Group Agent. The CommonSpirit Obligated Group is comprised of CommonSpirit Health, Dignity Health, and certain of their direct and indirect subsidiaries. CommonSpirit undertakes most of its borrowing activities under a Master Indenture. The Master Indenture creates a "Credit Group," which consists of the Obligated Group Members and Restricted Affiliates[1]. The financial performance of Restricted Affiliates is taken into account in measuring compliance by the Obligated Group Members with certain covenants in the Master Indenture; however, Restricted Affiliates do not guarantee payment of the obligations issued under the Master Indenture. Under the Master Indenture, only the Obligated Group Members have agreed to be jointly and severally obligated for the payment of the obligations issued under the Master Indenture. None of the entities affiliated with CommonSpirit, other than the Obligated Group Members, have assumed any financial obligation related to payment of or security for any of the Bonds or any other obligations incurred under the Master Indenture.

<u>The covenants listed below are applicable to this transaction.</u>

Unconditional Obligation to Pay. *Each Obligated Group Member jointly and severally covenants and agrees promptly to pay or cause to be paid the Required Payments [2]at the place, on the dates and in the manner provided in the Master Indenture, in the Supplemental Master Indenture or in the Obligation. "Required Payments" means any payment obligation, whether at maturity, by acceleration, upon proceeding for prepayment or redemption or otherwise, including, Financial Product Payments, Financial Product Extraordinary Payments and the purchase price of Indebtedness tendered or deemed tendered for purchase pursuant to its terms, required to be made by any Obligated Group Member under the Master Indenture, any Supplemental Master Indenture or any Obligation.*

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1 There is currently only one "Restricted Affiliate" as defined under the Master Trust Indenture, which is CHI St. Luke's Health Baylor College of Medicine Medical Center.

2 Capitalized terms are defined in the Indenture.

Pledge of Gross Revenues. *As security for the payment of the Required Payments and the performance by each Obligated Group Member of its other obligations under the Master Indenture, pursuant to the Master Indenture, each Obligated Group Member pledges and assigns to the Master Trustee and grants to the Master Trustee a security interest in, all its right, title and interest, whether now owned or thereafter acquired, in and to its Gross Revenues.*

Covenant Against Liens. *The Master Indenture provides that no Obligated Group Member shall, and no Controlling Member[3] shall permit a Restricted Affiliate to, create or incur or permit to be created or incurred or to exist any Lien on any Property of any Credit Group Member securing Obligations, other Indebtedness or Financial Product Agreements, except Permitted Encumbrances.*

Debt Service Coverage Requirements. *In the Master Indenture, if in any fiscal year the Historical Debt Service Coverage Ratio is less than 1.10x to 1.00x, the Master Trustee will require the Obligated Group Agent at its expense to retain a Consultant to make recommendations with respect to the rates, fees and charges of the Credit Group Members, and their respective methods of operation and other factors affecting their financial condition in order to increase such Historical Debt Service Coverage Ratio to at least 1.10x to 1.00x, subject to certain exceptions provided for in the Master Indenture. Failure to achieve a Historical Debt Service Coverage Ratio of at least 1.00x for any fiscal year is an Event of Default under the Master Indenture.*

Limitations on Additional Indebtedness. *In the Master Indenture, each Obligated Group Member covenants that, so long as the long-term unenhanced rating on the indebtedness of the Credit Group is below "Aa3" by Moody's or "AA-" by Standard & Poor's or "AA-" by Fitch, then, except for Permitted Indebtedness, the Obligated Group Members shall not incur Indebtedness after August 21, 2019, directly, indirectly or contingently, and each Controlling Member covenants that, except for Permitted Indebtedness, no such Controlling Member shall permit its Restricted Affiliates to incur additional Indebtedness, directly, indirectly or contingently.*

Limitations on Consolidation, Merger, Sale or Conveyance. *In the Master Indenture, each Obligated Group Member agrees that it will not merge into, or consolidate with, one or more Persons that are not Obligated Group Members, or allow one or more of such Persons to merge into it, or sell or convey all or substantially all of its Property to any Person who is not an Obligated Group Member unless authorized by various limiting measures set out in the Master Indenture.*

Disposition of Assets. *In the Master Indenture, each Obligated Group Member agrees not to sell, lease, remove, release from the provisions of the Master Indenture, transfer, assign, convey or otherwise dispose of any Property, including Current Assets, of the Obligated Group Members, unless authorized by various limiting measures set out in the Master Indenture.*

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[3] "Controlling Member" means the Obligated Group Member designated by the Obligated Group Agent to establish and maintain control over a Restricted Affiliate under the Master Trust Indenture.

Comply with SEC Rule 15c2-12. *CommonSpirit, on behalf of the Obligated Group, will take such action as is necessary to assist the underwriters in complying with Securities and Exchange Commission Rule 15c2-12 (SEC Rule). CommonSpirit will contractually agree, while any of the Bonds remain outstanding, to disclose certain financial information and operating data to the SEC web site (EMMA) and to report certain "material events" with respect to the Bonds within the time frame set forth in the SEC Rule.*

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.

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III. FINANCIAL STATEMENTS AND ANALYSIS

CommonSpirit Health
Consolidated Statement of Operations and Changes in Net Assets
(in Millions)

	Years Ended June 30, 2023	2022	2021
Operating revenues:			
Net patient revenue	$ 30,866	$ 30,490	$ 28,996
Premium revenue	1,394	1,156	1,189
Revenue from health-related activities, net	203	139	314
Other operating revenue	1,961	2,038	2,690
Contributions	82	84	64
Total operating revenues	34,506	33,907	33,253
Operating expenses:			
Salaries and benefits	18,292	18,170	16,006
Supplies	5,539	5,588	5,086
Purchased services and other	10,062	9,523	9,225
Depreciation and amortization	1,438	1,463	1,487
Interest expense, net	573	459	451
Total operating expenses	35,904	35,203	32,255
Operating income (loss)	(1,398)	(1,296)	998
Nonoperating income (loss):			
Investment income (loss), net	1,034	(971)	3,399
Loss on early extinguishment of debt	-	-	(12)
Income tax expense	(34)	(72)	(139)
Change in fair value and cash payments of interest rate swaps	79	179	86
Contribution from business combinations	-	-	1,018
Other components of net periodic postretirement costs	64	324	86
Other	(4)	(11)	14
Total nonoperating income (loss), net	1,139	(551)	4,452
Excess (deficit) of revenues over expenses	(259)	(1,847)	5,450
Less excess (deficit) of revenues over expenses attributable to noncontrolling interests	55	(1)	261
Excess (deficit) of revenues over expense attributable to CommonSpirit Health	(314)	(1,846)	5,189
Net assets without donor restrictions, attributable to CommonSpirit Health			
Net assets released from restrictions for capital	50	46	37
Change in funded status of pension and other postretirement benefit plans	452	995	2,019
Other	(36)	(33)	84
Increase in net assets without donor restrictions	152	(838)	7,329
Net assets without donor restrictions, beginning of year	18,808	19,646	12,317
Net assets without donor restrictions, end of year	$ 18,960	$ 18,808	$ 19,646

CommonSpirit Health
Consolidated Balance Sheets
(in Millions)

	As of June 30, 2023	2022	2021
Assets			
Current assets:			
Cash and cash equivalents	$ 1,677	$ 2,592	$ 3,329
Short-term investments	539	596	1,124
Patient accounts receivable, net	4,899	4,472	4,323
Provider fee receivable	931	693	1,151
Other current assets	2,733	3,296	2,354
Total current assets	10,779	11,649	12,281
Long-term investments	16,483	16,087	19,497
Property and equipment, net	17,189	15,876	16,274
Right-of-use operating lease assets	1,676	1,715	1,892
Ownership interests in health-related activities	3,114	3,038	3,141
Other long-term assets, net	2,631	1,949	1,791
Total assets	$ 51,872	$ 50,314	$ 54,876
Liabilities and Net Assets			
Current liabilities:			
Current portion of long-term debt	$ 1,966	$ 1,619	$ 754
Demand bond subject to short-term liquidity arrangements	247	247	247
Accounts payable	1,342	1,481	1,705
Accrued salaries and benefits	1,512	1,831	1,994
Provider fee payables	342	225	405
Medicare advances	-	793	1,422
Other accrued liabilities - current	3,473	3,435	2,931
Total current liabilities	8,882	9,631	9,458
Other liabilities - long-term:			
Self-insured reserves and claims - long-term	1,138	1,066	1,024
Pension and other postretirement benefit liabilities	2,255	2,501	3,761
Derivative instruments	77	150	287
Operating lease liabilities	1,586	1,626	1,801
Medicare advances - long-term	-	-	1,088
Other accrued liabilities - long-term	648	750	1,018
Total other liabilities - long-term	5,704	6,093	8,979
Long-term debt, net of current portion	16,147	13,561	14,541
Total liabilities	30,733	29,285	32,978
Net assets:			
Without donor restrictions - attrributable to CommonSpirit Health	18,960	18,808	19,646
Without donor restrictions - noncontrolling interests	1,062	1,079	1,187
With donor restrictions	1,117	1,142	1,065
Total net assets	21,139	21,029	21,898
Total liabilities and net assets	$ 51,872	$ 50,314	$ 54,876

	Pro-forma[(a)] FYE June 30, 2023	2023	2022	2021
Debt Service Coverage (x) - Operating	0.3	0.3	0.5	1.9
Debt Service Coverage (x) - Net	1.0	1.0	0.9	6.1
Debt to Unrestricted Net Assets (x)	1.0	1.0	0.8	0.8
Margin (%)		(4.1)	(3.8)	3.0
Current Ratio (x)		1.2	1.2	1.3

[(a)] Recalculates FY 2023 audited results to include the impact of this proposed financing.

The audited, consolidated financial statements were analyzed in this section. The Obligated Group is jointly and severally obligated for the payments of CommonSpirit's debts. As of June 30, 2023, *the Obligated Group comprised 87% of total revenues and 82% of total assets of the consolidated financials.*

Financial Discussion

CommonSpirit's income statement exhibits a steady increase in revenue during the review period from FY 2021 to FY 2023.

CommonSpirit's total operating revenues increased by 3.8% over the review period, primarily driven by an increase in net patient revenue. Net patient revenue increased from approximately $29 billion in FY 2021 to approximately $30.9 billion in FY 2023. According to CommonSpirit's management, the increase in net patient revenue was primarily due to higher patient volumes, increased rates, and from several affiliations CommonSpirit entered into with other facilities. CommonSpirit also implemented initiatives to increase physician capacity, reduce reliance on contract labor hours, and increase recruitment and retention efforts, which resulted in an 11.3% increase in patient care management and a normalization of operating revenues in the Northern and Southern California divisions by the end of 2023.

As operating expenses exceeded revenues during FY 2022 and FY 2023, CommonSpirit experienced negative operating margins at -3.8% and -4.1%, respectively. Total operating expenses increased by 11.3% from approximately $32.3 billion in FY 2021 to approximately $35.9 billion in FY 2023 due to increased expenses, such as costs associated with a cybersecurity incident, out-of-network costs, and the continued impact of rising salaries and supply costs and inflation. CommonSpirit's management anticipates improving margins going forward with the implementation of its multiple-part improvement plan, which focuses on growth, revenue yield, labor and productivity, length of stay, and other factors. CommonSpirit expects to see the full benefit of labor improvements in calendar year 2024.

In response to the COVID-19 pandemic, CommonSpirit received grant funding of $265 million in FY 2023 and $27 million in FY 2022 in Coronavirus Aid, Relief, and Economic Security Act including Provider Relief Funds. Additional American Rescue Plan Rural grant funds totaling approximately $151 million were received during the review period and do not need to be repaid.

CommonSpirit's balance sheet appears to have an adequate financial position with a pro-forma FY 2023 net debt service coverage ratio of 1x.

Throughout the review period, CommonSpirit's net debt service coverage ratio (DSCR) declined from 6.1x in FY 2021, to 0.9 x in FY 2022, but increased slightly to 1x in FY 2023. With the proposed new money tax-exempt bond financing through the Authority and COHFA, CommonSpirit's pro-forma FY 2023 net DSCR will remain steady at 1x, which shows CommonSpirit's ability to repay its debt. Although CommonSpirit anticipates issuing up to a total of $2.9 billion, only $500 million will be for new money while the remaining amount will refinance existing debt and, therefore, the additional new money has a negligible effect on the net DSCR. CommonSpirit's debt to unrestricted net assets ratio has increased slightly from 0.8x in FY 2021 and FY 2022 to 1x in FY 2023. With the proposed new money portion of the bond financing being a small fraction of CommonSpirit's total debt portfolio, the pro-forma FY 2023 debt-to-unrestricted net assets ratio remains at 1x.

Other current assets declined by approximately $563 million from FY 2022 to FY 2023 due to the sale of a regional health system in September 2022. CommonSpirit's liquidity remained steady throughout the review period with a current ratio of 1.3x in FY 2021 and 1.2x in both FY 2022 and FY 2023.

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IV. DUE DILIGENCE

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

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

  https://commonspirithealthphilanthropy.org/who-we-are/annual-report

- **Compliance with Government Code section 15455(b) (California Environmental Quality Act (Pub. Resources Code, § 21000 et seq.)):** CommonSpirit properly submitted relevant documentation addressing the California Environmental Quality Act.
- **Legal Review:** CommonSpirit properly completed and submitted relevant documentation for the Authority's Legal Status Questionnaire.
- **Iran Contracting Act Certificate:** The underwriters properly completed and submitted the Iran Contracting Act Certificates.

V. OUTSTANDING DEBT

As of June 30, 2023, the Obligated Group's outstanding long-term debt totaled approximately $15.2 billion in principal amount, of which approximately $1.1 billion (7%) in principal amount was comprised of debt issued through the Authority.

Following this proposed financing of approximately $326 million in new money tax-exempt bonds issued through the Authority and approximately $174 million in new money tax-exempt bonds issued through COHFA, and the application of the proceeds (including anticipated refinancings of outstanding debt), the Obligated Group's total outstanding debt will increase to approximately $15.7 billion in principal amount, with approximately $1.4 billion (9%) in principal amount issued through the Authority.

VI. UTILIZATION STATISTICS

	Fiscal Year Ending June 30,		
	2023	**2022**	**2021**
Acute average length of stay Medicare PPS	5.07	5.33	5.14
Long-term care days[1]	507,358	562,016	491,170
Inpatient ED Visits	515,751	519,255	494,394
Inpatient surgeries	198,392	199,560	203,375
Outpatient ED visits	3,403,797	3,354,229	2,866,858
Outpatient non-ED visits	23,108,018	24,779,606	23,565,203
Outpatient surgeries	344,747	350,234	333,314
Operating beds[1]	17,463	17,578	17,614
Licensed acute beds[1]	21,403	21,609	21,722
Home health visits	1,101,316	1,109,144	1,306,588

[1] Includes skilled nursing facilities.

VII. BACKGROUND AND LICENSURE

Background

CommonSpirit is a nonprofit system headquartered in Chicago. The parent corporation is CommonSpirit Health, a Colorado nonprofit corporation, formerly known as Catholic Health Initiatives. CommonSpirit was created with the combination of Catholic Health Initiatives and Dignity Health, a California nonprofit public benefit corporation, into a single nonprofit health system effective February 1, 2019. At that time, CommonSpirit Health became the sole corporate member of Dignity Health. CommonSpirit and its direct and indirect subsidiaries own and operate health care facilities in 24 states. CommonSpirit system is comprised of 142 hospitals, of which 32 are located in California (including unconsolidated joint venture facilities), including academic health centers, major teaching hospitals, critical access facilities, community health services organizations, accredited nursing colleges, home health agencies, living communities, a medical foundation and other affiliated medical groups, and other facilities and services that span the inpatient and outpatient continuum of care.

CommonSpirit's mission is a healthier future for all—inspired by faith, driven by innovation, and powered by its humanity. CommonSpirit is committed to building healthier communities, advocating for those who are poor and vulnerable, and innovating how and where healing can happen—both inside of its hospitals and out in the community. CommonSpirit's commitment to serve the common good is delivered through the dedicated work of thousands of physicians, advanced practice clinicians, nurses, and staff; through clinical excellence delivered across a system of hospitals and other care centers, being accessible to nearly one in four U.S. residents; and through more than $5 billion annually in community benefits, including the unpaid cost of Medicare.

Obligated Group

The CommonSpirit Obligated Group was created under a Master Trust Indenture, which is comprised of CommonSpirit Health, Dignity Health, and certain of its direct and indirect subsidiaries.

Licensure and Accreditation

Each of the hospitals located and operated in California by Dignity Health, a CommonSpirit affiliate, is licensed through the California Department of Public Health for the level of care it delivers and is certified to participate in the Medicare and Medicaid programs, and each is accredited by The Joint Commission. In addition, each skilled nursing facility unit located and operated in California by either Dignity Health or Pathways - two CommonSpirit affiliates - is certified to participate in the Medicare and Medicaid programs. Mercy McMahon Terrace, a California residential care facility for the elderly operated by a CommonSpirit affiliate, is certified by the California Department of Social Services.

STAFF RECOMMENDATION

Staff recommends the Authority approve Resolution No. 458 in an amount not to exceed $326,000,000 for CommonSpirit, 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 recommendations.

EXHIBIT 1

PROJECT SITES

- 6501 Coyle Avenue, Carmichael, CA 95608
- 1401 Grand Avenue, Los Angeles, CA 90015
- 2101 N. Waterman Avenue, San Bernadino, CA 92404
- 400 Old River Road, Bakersfield, CA 93311
- Property generally located at the Hartnell Avenue and Cypress Avenue intersection along the Sacramento River, Redding, CA (address to be determined)

EXHIBIT 2

FINANCING TEAM

Borrower:	CommonSpirit 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:	Dentons US LLP
Bond Counsel:	Polsinelli (Polsinelli LLP in California)
Lead Underwriters:	Morgan Stanley & Co. LLC BofA Securities, Inc. Jefferies LLC
Co-Managing Underwriters:	Barclays Capital Inc. Goldman Sachs & Co. LLC J.P. Morgan Securities LLC PNC Capital Markets RBC Capital Markets, LLC Wells Fargo Bank, NA
Underwriters' Counsel:	Norton Rose Fulbright US LLP
Bond Trustee:	The Bank of New York Mellon Trust Company, N.A.
Bond Trustee's Counsel:	Nixon Peabody LLP
Master Trustee:	U.S. Bank Trust Company, National Association
Master Trustee's Counsel:	Dorsey & Whitney LLP
Rating Agencies:	Moody's Investor Services, Inc. Standard & Poor's Financial Services, LLC Fitch Ratings, Inc.
Pricing Agent:	PFM Financial Advisors LLC
Auditor:	Ernst & Young LLP

RESOLUTION NO. 458

RESOLUTION OF THE CALIFORNIA HEALTH
FACILITIES FINANCING AUTHORITY AUTHORIZING
THE ISSUANCE OF REVENUE BONDS
TO FINANCE AND REFINANCEPROJECTS AT THE HEALTH FACILITIES OF
CERTAIN AFFILIATED CORPORATIONS OF COMMONSPIRIT HEALTH

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

WHEREAS, CommonSpirit Health, a Colorado nonprofit corporation (the "Borrower"), is affiliated with Dignity Health and Dignity Community Care, each a nonprofit public benefit corporation duly organized and existing under the laws of the State of California, and Port City Operating Company, LLC, a California limited liability company (collectively, the "California Affiliates"), which own and operate health care facilities in the State of California; and

WHEREAS, the Borrower has requested the assistance of the Authority in order to finance or reimburse the Borrower or certain affiliates for certain costs incurred or to be incurred in connection with the construction, renovation, improvement, and equipping of certain health care facilities owned and operated by the California Affiliates;

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 $326,000,000, and make one or more loans of the proceeds thereof to the Borrower to (i) finance or reimburse costs incurred in connection with the construction, expansion, remodeling, renovation, acquisition, furnishing, and equipping of certain health care facilities, as more particularly described in Exhibit A hereto (the "Project"), (ii) at the sole option of the Borrower, pay costs of issuance of the Bonds (as defined below), and (iii) at the sole option of the Borrower, provide a bond reserve fund for the Bonds;

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 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:

Pursuant to the Act, revenue bonds of the Authority designated as the California Health Facilities Financing Authority Revenue Bonds (CommonSpirit Health) (the "Bonds"), in a total aggregate principal amount not to exceed $326,000,000 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 trust 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.

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 adoption 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 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, a reserve fund, bond insurance, credit facility and other security arrangements and/or supported by one or more liquidity facilities.

The proposed forms of the following documents:

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

(ii) one or more bond trust indentures relating to the Bonds (each a "Bond Indenture" and collectively the "Bond Indentures"), between the Authority and The Bank of New York Mellon Trust Company, N.A., as bond trustee (the "Trustee"),

(iii) one or more bond purchase agreements, including the exhibits thereto (each, a "Purchase Contract" and collectively, the "Purchase Contracts"), among Morgan Stanley & Co. LLC, as representative (the "Representative") of itself and the other underwriters named therein (collectively, the "Underwriters"), the Treasurer and the Authority, and approved by the Borrower, and

(iv) one or more preliminary official statements relating to the Bonds (each, a "Preliminary Official Statement" and, collectively, 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.

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

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

The Underwriters are hereby authorized to distribute a Preliminary Official Statement for each issue of 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 Underwriters (in consultation with the Borrower), a preliminary official statement may not be used with respect to any specific series of Bonds. The Underwriters are hereby directed to deliver the applicable final official statement (each, an "Official Statement" and collectively, the "Official Statements") to all actual purchasers of such Bonds.

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 Representative, 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 Representative, as determined and confirmed by the Treasurer, upon payment of the purchase price thereof.

Each officer of the Authority is hereby authorized and directed, for and in the name of and on behalf of the Authority, to do any and all things which they may deem necessary or advisable in order to consummate the issuance, sale, and delivery of the Bonds and otherwise to effectuate the purposes of this Resolution and the Bond Indentures, Loan Agreements, Purchase 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 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 any series of the Bonds.

The provisions of the Authority's Resolution No. 2023-06 apply to the documents and actions approved in this Resolution.

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

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

Date of Adoption: ________________________________

EXHIBIT A

The Projects: The acquisition, construction, expansion, remodeling, renovation, furnishing, and equipping of health facilities owned and operated by California Affiliates, including the following:

Mercy San Juan Medical Center Project. 6501 Coyle Avenue, Carmichael, California. Acquisition, construction, expansion, remodeling, renovation, furnishing, and equipping of health facilities owned and operated by Dignity Health located at the Mercy San Juan Medical Center campus, including the renovation of the Mercy San Juan Medical Center labor, delivery, recovery, and postpartum department facilities and construction of a new interventional radiology biplane lab.

Mercy Redding Cancer Center Project. Cypress Avenue and Hartness Avenue Intersection, Redding, California. Acquisition, construction, expansion, remodeling, renovation, furnishing, and equipping of health facilities owned and operated by Dignity Health, for a 40,000 square foot regional cancer center with medical oncology services, chemotherapy, immunotherapy, radiation therapy, specialty pharmacy, laboratory, PET, CT, and MRI, as well as community education and support space.

California Hospital Medical Center Project. 1401 Grand Avenue, Los Angeles, California. Acquisition, construction, expansion, remodeling, renovation, furnishing, and equipping of health facilities owned and operated by Dignity Community Care located at the California Hospital Medical Center campus, including a new 4-story, 145,000 square foot acute care building containing a new emergency department, neonatal intensive care unit, labor and delivery, postpartum, and antepartum beds, and shelled space for future med-surg beds.

St. Bernardine Medical Center Project. 2101 N. Waterman Avenue, San Bernardino, California. Acquisition, construction, expansion, remodeling, renovation, furnishing, and equipping of health facilities owned and operated by Dignity Health located at the St. Bernardine Medical Center Campus, including seismic upgrades to the campus.

Mercy Hospital Southwest Project. 400 Old River Road, Bakersfield, California. Acquisition, construction, expansion, remodeling, renovation, furnishing, and equipping of health facilities owned and operated by Dignity Health located at the Mercy Hospital Southwest campus, including the construction of a new 106-bed patient tower, including a private neonatal intensive care unit, new intensive care unit, cardiac catheterization labs, 6 operating rooms, expanded emergency department, and parking.