CHFFA REVENUE BOND FINANCING PROGRAM
EXECUTIVE SUMMARY

Applicant:	Adventist Health System/West (“AHS/W”) 2100 Douglas Blvd. Roseville, CA. 95661 Placer County	**Amount Requested:** **Date Requested:** **Requested Loan Term:** **Resolution Number:**	$130,000,000 April 28, 2011 Up to 40 years 364
Project Sites:	See Exhibit 1		
Facility Types:	General acute/ sub-acute and outpatient care		
Prior Borrower:	Yes		
Obligated Group:	The AHS/W Obligated Group is identified in Exhibit 5.		

Background: AHS/W was established in 1980 by the merging of two smaller health systems known as Adventist Health Services, Inc. and Northwest Medical Foundation. Located in Roseville, California, AHS/W is a nonprofit organization whose mission is to improve the quality of health care in the communities they serve by emphasizing wellness and disease prevention. AHS/W (both the Obligated Group and non-obligated members) collectively controls or manages 17 nonprofit corporations that own or operate acute care facilities. The facilities range in size from 32 to 448 licensed acute care beds, skilled nursing, ambulatory residential and retirement. AHS/W includes more than 2600 beds, 18,000 employees, numerous clinics and outpatient facilities, 16 home care agencies and 3 joint venture retirement centers throughout the Western United States.

Use of Proceeds: Bond proceeds will be used to finance the costs of acquisition, construction, equipping and improvement of specified healthcare facilities located throughout California. The project sites are listed on page 2 and in Exhibit 1.

Type of Issue:	Private Placement (Qualified Institutional Buyer (“QIB”))
Credit Enhancement:	N/A
Expected Credit Rating:	N/A (please see Staff Recommendation below and Guidelines Discussion, page 3)
Financing Team:	*Please see Exhibit 2 to identify possible conflicts of interest*

Financial Overview: AHS/W’s income statement appears to exhibit positive operating results over the review period with adequate operating margins and continued revenue growth. AHS/W appears to have a solid financial position with a proforma debt service coverage ratio of 3.33x.

Estimated Sources of Funds:		**Estimated Uses of Funds:**	
Par amount of bonds	$ 130,000,000	Project Fund	$ 128,685,000
		Financing Cost	1,315,000
Total Estimated Sources	$ 130,000,000	**Total Estimated Uses**	$ 130,000,000

Legal Review: Staff has received and reviewed the Eligibility, Legal Review, Religious Due Diligence, Savings Pass Through, Seismic, and CEQA documentation. All documentation satisfies the Authority’s requirements.

Staff Recommendation: Staff recommends the Authority approve Resolution Number 364 for Adventist Health System/West in an amount not to exceed $130,000,000 as a private placement with one or more Qualified Institutional Buyer (“QIB”) (as defined by SEC Rule 144A, promulgated under the Securities Act of 1933) on parity with other AHS/W rated debt and subject to an ongoing requirement that AHS/W use its best efforts to obtain a bond rating by a nationally recognized rating agency in the event that the rating(s) on such parity AHS/W debt is withdrawn or no other rated debt issued on a parity with the Series 2011 Bonds remains outstanding. Macias Gini & O’Connell, LLP, the Authority’s financial analyst, and Public Financial Management (“PFM”), the Authority’s financial advisor, concur with the Authority’s staff recommendation.

(PD/MS)

I. PURPOSE OF FINANCING:

AHS/W seeks to invest approximately $130 million in expenditures for several of its hospitals located throughout California. Proceeds will be used to finance various projects all of which are listed below:

Project Fund.. $128,685,000

Bond proceeds will be used to complete various expenditure projects, including: (1) various IT projects for scheduling, physician order entry, patient registration, EMR, women's health, patient identification, medication management, and others; (2) remodel and equip emergency department; upgrade infrastructure; (3) construct and equip emergency department expansion; expand, remodel, and equip GI procedure rooms; (4) equip and construct patient tower to include patient radiology, surgery support areas, infrastructure, and three shelled floors for new telemetry and intensive care units to include an additional 58 acute beds; (5) construct and equip ICU, family birthing unit, orthopedics unit and infrastructure; (6) construct and equip three-story core and shell to include emergency department expansion, surgical suite, inpatient MRI suite; seismic upgrade for acute care area; build out south tower shell space for 24 future beds; build out cardiac cath and GI lab areas; and (7) remodel, expand and equip emergency department and ICU.

The projects will be completed at the following health facilities:

1. Adventist Health System/West;
2. Adventist Health Clearlake Hospital, Inc.;
3. Feather River Hospital;
4. Glendale Adventist Medical Center;
5. St. Helena Hospital;
6. Simi Valley Hospital & Health Care Services; and
7. Ukiah Adventist Hospital.

Financing Cost.. 1,315,000

Estimated cost of issuance $1,315,000

Total Estimated Uses of Funds $130,000,000

II. GUIDELINES DISCUSSION

This proposed transaction does not fit squarely within one category or another of the Authority's existing guidelines. The board will recall the Authority recently adjusted its guidelines concerning investment grade rated transactions, but that the Authority has not yet considered whether and how to adjust its guidelines relating to unrated debt. In this particular transaction, AHS/W is a rated institution which plans to privately place unrated bonds on parity with its existing rated bonds and the initial purchasers of the Series 2011 Bonds do not appear to currently require a rating. Given these facts, both sets of rating guidelines have some relevance and serve as the basis of staff's recommendation to proceed with a QIB requirement and a "springing" rating requirement as hereinafter further described.

The Authority's financial advisor, PFM, has been integral to the analysis of this transaction and notes that the Authority is likely to see this type of financing with greater frequency in the near and continuing future. Given this insight from the Authority's financial advisor, staff notes that its recommendation for this transaction is a likely prelude to recommendations soon to be presented to the board for this type of borrower (i.e., an investment grade rated borrower who seeks to privately place unrated bonds on parity with other existing rated debt).

The Authority's existing guidelines for unrated debt (attached as Exhibit 6) call for a number of loan security provisions, including without limitation private placement with a QIB, minimum denominations of $250,000, maintenance of a debt service reserve account, and a requirement that bonds not be split by selling participatory shares. All of the foregoing requirements are designed to maximize the likelihood bonds will be placed with more sophisticated investors given the higher risk typically thought to be associated with unrated borrowers. And, in general, these guidelines were formulated working under the assumption that the borrower could not secure an investment grade credit rating.

Unlike this assumption underlying the unrated debt portion of the Authority's existing guidelines, in the proposed transaction, AHS/W is a rated institution. AHS/W's current ratings are A/A from S&P/Fitch. Guided by PFM, staff considers AHS/W's rating a significant factor to consider for purposes of evaluating the potential risk for default and submits that the existence of this rating likely suggests AHS/W's risk of default is significantly lower than that of an institution with no credit rating. Accordingly, staff recommends proceeding with the approach now followed for rated transactions, with two key additional requirements inspired by the protective nature of the unrated debt portion of the Authority's guidelines.

Specifically, staff recommends (1) accepting each of the proposed covenants, security provisions and disclosures set forth below in section III, (2) requiring that the Bonds be privately placed with one or more QIBs and (3) imposing a "springing rating requirement" which would require AHS/W to use its best efforts to obtain a bond rating on these Bonds from a nationally recognized rating agency in the event that the rating(s) on other debt of AHS/W which is on a parity with these Bonds is withdrawn or no other rated debt issued on a parity with the Bonds remains outstanding. In the event a rating is not available or otherwise made public, despite AHS/W's best efforts, AHS/W will, for so long as the Bonds remain outstanding: (a) continue to prepare continuing disclosure with substantially the same content and at the same frequency as required by AHS/W's most recently entered into continuing disclosure certificate pursuant to SEC rule 15c2-12(a)(5) (or successor), and (b) publicly disseminate such continuing disclosure in such a manner as would be otherwise required under Rule 15c2-12(a)(5) for publicly sold bonds. In this manner, the Authority extends the same process applicable to other rated institutions to a long standing and important rated Authority borrower, while at the same time preventing sales of or participation in the Bonds by prospective investors which are not qualified as QIBs and by requiring AHS/W to use its best efforts to obtain a rating on these Bonds or to make associated continuing disclosures.

III. PROPOSED COVENANTS, SECURITY PROVISIONS AND DISCLOSURES:

AHS/W is a member of an Obligated Group which currently consists of seventeen affiliated nonprofit corporations, each of which is jointly and severally obligated under a master indenture of trust, as amended and restated (the "Master Indenture"), with respect to payments on CHFFA bonds and other parity debt. AHS/W will be the borrower under the loan agreements with CHFFA relating to the proposed bonds (the "Loan Agreements") and acts on behalf of the other members of the Obligated Group. Capitalized terms used in this section but not otherwise defined have the meanings given to such terms in the Bond Indentures for the proposed bonds (the "Bond Indentures") or the Master Indenture.

After reviewing AHS/W's current finances, AHS/W's prior bond transactions, and considering the requirements of the purchasers of the proposed bonds, AHS/W and PFM concluded the below listed covenants should be applicable to this transaction. AHS/W and PFM note that these covenants are consistent with covenants that have applied to AHS/W's prior bond transactions and that AHS/W's current financial situation does not suggest additional covenants should be required by CHFFA.

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

Unconditional Promise to Pay. AHS/W agrees to pay the Bond Trustee all amounts required for principal, interest or redemption premium, if applicable, and other payments and expenses designated in the Loan Agreements. The Obligated Group guarantees all such payments under the master indenture notes. All Revenues (which will include payments by AHS/W under the Loan Agreements and payments by the Obligated Group on the master indenture notes) and any other amounts held in a designated fund or account under the related Bond Indenture are pledged to secure the full payment of the related series of bonds.

Pledge of Gross Revenues. Each member of the Obligated Group pledges to deposit all of its Gross Revenues into a Gross Revenue Fund over which, under certain circumstances related to payment defaults on any master indenture note, the Master Trustee can exercise control for the benefit of each master indenture note holder.

Limitation on Liens. Each member of the Obligated Group agrees not to create or suffer to be created or exist any Lien upon the Gross Revenues or its Operating Assets and its Current Assets other than Permitted Liens.

Permitted Liens. The Operating Assets and Current Assets of each member of the Obligated Group are subject to a set of allowable liens pursuant to the Master Indenture.

Long-Term Debt Service Coverage Requirement. The Master Indenture contains a long-term debt service coverage requirement based on 1.25 times Maximum Annual Debt Service.

Limitations on Additional Indebtedness and Guaranties. Each member of the Obligated Group agrees not to incur Additional Indebtedness or Guaranties unless authorized by various allowances set out in the Master Indenture.

Limitations on Disposition of Operating Assets or Accounts Receivable. Each member of the Obligated Group agrees not to sell, lease or otherwise dispose of Operating Assets in a Fiscal Year in excess of certain values unless authorized by various allowances applicable to each set of assets as set out in the Master Indenture.

Limitations on Consolidation, Merger, Sale or Conveyance. Each member of the Obligated Group agrees not to merge or consolidate with any other corporation not a member of the Obligated Group or sell or convey all or substantially all of its assets to a Person not a member of the Obligated Group unless authorized by various allowances set out in the Master Indenture.

Limitations on Exit of Existing Members of the Obligated Group or Entrance of New Members. The Master Indenture sets forth restrictions that must be met, including financial tests, for an existing member to exit the Obligated Group or a new member to enter the Obligated Group.

No Reserve Account. There will not be a debt service reserve account pledged to any series of the proposed bonds.

IV. FINANCIAL STATEMENTS AND ANALYSIS:

Adventist Health System/West*

Combined Income Statement of Operations and Changes in Net Assets ($000's)

	For the year ended December 31,		
	2009	**2008**	**2007**
Unrestricted Revenues, Gains and Support			
Net patient service revenue*	$ 2,170,304	$ 1,958,364	$ 1,756,617
Premium revenue	25,286	26,477	29,425
Other revenues	125,024	94,419	130,737
Net assets released from restriction	5,961	7,295	6,764
Total revenues, gains and support	2,326,575	2,086,555	1,923,543
Expenses			
Employee compensation	1,164,435	1,066,369	994,160
Professional fees	191,031	180,281	161,742
Supplies	352,753	320,469	292,626
Purchased services and other	300,921	267,809	247,248
Interest	29,738	28,640	27,222
Depreciation	98,692	91,990	83,376
Provision for bad debts	104,754	100,412	75,087
Total expenses	2,242,324	2,055,970	1,881,461
Excess of revenues over expenses	84,251	30,585	42,082
Net Assets			
Unrestricted net assets			
Change in net unrealized gains (losses)	25,772	(3,379)	7,478
Donated property and equipment	117	38	16
Net assets released from restriction	10,245	15,789	7,958
Increase in unrestricted net assets	120,385	43,033	57,534
Net loss from discontinued operations	(7,011)	(6,652)	(14,942)
Loss on disposal	(8,149)	(7,802)	(788)
Increase in unrestricted net assets	105,225	28,579	41,804
Temporarily restricted net assets			
Restricted gifts and grants	18,393	16,786	21,369
Net gains (loss) on investments	678	(1,068)	65
Change in value of split-interest agreements	45	(757)	786
Net assets released from restrictions	(16,283)	(23,089)	(15,238)
Increase (decrease) in temporarily restricted assets	2,833	(8,128)	6,982
Increase in net assets	108,058	20,451	48,813
Net assets, beginning of year	969,442	948,991	900,178
Net assets, end of year	$ 1,077,500	$ 969,442	$ 948,991

* The Obligated Group represents 97% of the total assets shown in the above statement.

Payor Source*	Percent
Medicare	37.4%
Medicaid/Medi-Cal	18.7%
HMO/PPO	34.6%
Commercial	3.0%
Self-pay & Other	6.3%
Total	100%

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Adventist Health System/West*
Combined Balance Sheets (in $000's)

	December 31, 2009	December 31, 2008	December 31, 2007
Assets			
Current assets:			
Cash and cash equivalents	$ 290,179	$ 212,850	$ 144,345
Marketable securities	22,457	43,382	65,782
Assets whose use is limited	25,836	25,192	20,445
Patients accounts receivables, net	300,973	296,605	276,145
Receivables from third parties	-	-	1,244
Other receivables	25,070	31,665	36,689
Securities lending program collateral	25,864	60,090	-
Inventories	35,864	32,487	27,903
Prepaid expenses and other current assets	17,267	21,541	18,681
Assets held for sale	-	32,906	34,495
Total current assets	743,510	756,718	625,729
Other assets:			
Notes receivable	7,392	6,525	6,728
Marketable securities	362,895	243,963	297,991
Assets whose use is limited	336,254	276,639	380,202
Long-term investments	18,735	15,820	15,813
Deferred financing costs	9,438	7,666	8,368
Other long-term assets	7,531	11,511	12,886
Assets who use is limited, net of current portion	742,245	562,124	721,988
Property, plant and equipment, net	1,229,564	1,144,541	1,026,488
Total assets	$ 2,715,319	$ 2,463,383	$ 2,374,205
Liabilities & Net Assets			
Current liabilities:			
Accounts payable	$ 95,436	$ 87,902	$ 89,660
Accrued liabilities	141,432	118,127	105,600
Liabilities to third parties	85,450	47,358	32,595
Other current liabilities	30,063	30,505	28,819
Payable under securities lending program	32,268	66,015	-
Short-term financing	40,555	39,899	39,828
Current maturities of long-term debt	16,973	29,676	21,004
Total Current Liabilities	442,177	419,482	317,506
Long-term debt, net of current maturities	922,001	797,136	813,370
Other noncurrent liabilities	273,641	277,323	294,338
Total liabilities	1,637,819	1,493,941	1,425,214
Net assets:			
Unrestricted	1,023,324	918,099	889,520
Temporarily restricted	54,176	51,343	59,471
Total Net Assets	1,077,500	969,442	948,991
Total Liabilities & Net Assets	$ 2,715,319	$ 2,463,383	$ 2,374,205

Financial Ratios:

	Proforma (a) FYE December 31, 2009	2009	2008	2007
Debt Service Coverage of Operating Income (x	**3.33**	**3.58**	**3.05**	**3.17**
Debt Service Coverage of Net Income (x)	**3.71**	**3.98**	**2.84**	**3.31**
Debt/Unrestricted Net Assets (x)	**1.04**	**0.92**	**0.90**	**0.94**
Margin (%)		**3.62**	**1.47**	**2.19**
Current Ratio (x)		**1.68**	**1.80**	**1.97**

(a) Recalculates FY 2009 audited results to include the impact of this proposed financing.

* The Obligated Group represents 97% of the total assets shown in the above statement.

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The audited, combined financial statements of entities operating under Adventist Health were analyzed in this section. The Obligated Group consists of 97% of the total assets of the combined financials.

Financial Discussion – Statement of Activities (Income Statement)

AHS/W's income statement appears to exhibit positive operating results over the review period with adequate operating margins and continued revenue growth.

AHS/W's total revenues appear to have grown 21% over the review period from $1.9 billion in FY 2007 to $2.3 billion in FY 2009. The increase in revenues can be largely attributed to an increase in their net patient revenues, which grew approximately 24%, from $1.8 billion in FY 2007 to $2.2 billion in FY 2009. Net patient revenue accounts for 93% of total revenues.

Particular Facts to Note:

- Expenses totaled approximately $2.2 billion in FY 2009 increasing by approximately $361 million or 19% as compared to total expenses in FY 2007. Although expenses have increased, it remains in line with the growth in revenues which has allowed AHS/W to post total profits of approximately $84 million in FY 2009.

- AHS/W's total margins appear to remain adequate at 2.19%, 1.47% and 3.62% in FY 2007, FY 2008, and FY 2009, respectively.

- As a result of issuing bonds, including the issuance of the CHFFA Series 2009 bonds, AHS/W was able to complete major campus projects, including new patient towers. These new facilities attributed to the significant increases in net patient revenue over the review period.

- AHS/W reported net losses from discontinued operations throughout the review period due to the sale of two facilities; South Coast Medical Center and Paradise Valley Hospital.

Financial Discussion – Statement of Financial Position (Balance Sheet)

AHS/W appears to have a solid financial position with a proforma debt service coverage ratio of 3.33x.

AHS/W's balance sheet appears to continue growing over the review period. Total net assets increased from $949 million in FY 2007 to $1.1 billion in FY 2009, an increase of nearly 14%. The operating debt service coverage ratio for FY 2009 appears to be a solid 3.58x, and with the proposed financing, the proforma operating debt service coverage ratio will remain solid at 3.33x, indicating AHS/W can likely manage additional debt.

Particular Facts to Note:

- Total current assets grew from approximately $626 million in FY 2007 to $744 million in FY 2009, a 19% increase, which can be attributed to cash and cash equivalent doubling over the review period, from approximately $144 million to $290 million. AHS/W explained that it has been actively reducing its short-term marketable securities and investing more in its long-term marketable securities while holding more cash equivalents.

- AHS/W's approximate 20% increase in property, plant and equipment over the review period can be attributed to several construction projects, including patient towers and a facility replacement to address seismic issues in FY 2009. These costs were capitalized and subsequently, increased property, plant and equipment.

- Total liabilities increased over the review period from $1.4 billion in FY 2007 to $1.6 billion in FY 2009 due to financing capital projects, increasing level of business, and fluctuations in the normal business cycle.

V. DUE DILIGENCE:

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

- **Section 15438.5(a) of the Act (Savings Pass Through)**: Adventist properly completed and submitted the "Pass-Through Savings Certification," in addition to a narrative explaining how it intends to pass through savings.
- **Section 15491.1 of the Act (Community Service Requirement)**: Adventist properly completed and submitted this certification and indicated that Medi-Cal and Medicare patients are accepted.
- **Compliance with Seismic Regulation**s: Adventist properly completed and submitted a description of its seismic requirements.
- **Compliance with Section 15455(b) of the Act (California Environmental Quality Act)**: Adventist properly submitted documentation to the Authority, where applicable, demonstrating that each proposed project has either complied with Division 13 (commencing with Section 21000) of the Public Resources Code, or is otherwise not a "project" under that division.
- **Religious Due Diligence**.
- **Legal Review**.

EXHIBIT 1

PROJECT SITES

PROJECT	PROJECT ADDRESS
Adventist Health Clearlake Hospital, Inc. dba St. Helena Hospital Clearlake	15630 18th Ave., Clearlake, CA
Glendale Adventist Medical Center	1509 Wilson Terrace, Glendale, CA
Feather River Hospital	5974 Pentz Road, Paradise, CA
Adventist Health System/West	2100 Douglas Blvd., Roseville, CA
Adventist Health System/West	1101 Creekside Ridge, Roseville, CA
Adventist Health System/West	1025 Creekside Ridge, Roseville, CA
Adventist Health System/West	5115 Arnold Drive McClellan Park, Sacramento, CA
Simi Valley Hospital & Health Care Services dba Simi Valley Hospital	2975 N. Sycamore Drive, Simi Valley, CA
St. Helena Hospital	10 Woodland Road, St. Helena, CA
Ukiah Adventist Hospital dba Ukiah Valley Medical Center	275 Hospital Drive, Ukiah, CA

EXHIBIT 2

FINANCING TEAM

Trustees:	Bank of New York Mellon Trust Company U.S. Bank National Association
Rating Agency:	None; Private Placement
Issuer's Counsel:	Squire, Sanders & Dempsey (US) LLP
Issuer's Financial Advisor:	Public Financial Management, Inc.
Issuer's Financial Analyst:	Macias Gini & O'Connell, LLP
Bond Counsel:	Orrick, Herrington & Sutcliffe, LLP
Private Placement Advisor:	Barclays Capital
Auditor:	Ernst & Young LLP

EXHIBIT 3

UTILIZATION STATISTICS

	Year Ended December 31,		
	2007	**2008**	**2009**
Number of Licensed Beds	2,612	2,600	2,558
Discharges	102,246	106,975	115,862
Patient Days	528,483	530,168	543,123
Average Length of Stay	5.2	5	4.7
Outpatient Revenue as a % of			
Gross Patient Revenue	38%	38%	38%

EXHIBIT 4

OUTSTANDING DEBT FOR AHS/W:

Date Issued	Original Amount	Amount Outstanding As of December 31, 2009*	Estimated Amount Outstanding after Proposed Financing
Existing Long-Term Debt:			
Authority Debt			
Adventist Health System/West-Sutter Health Revolving Loan Pool, Series 1991 A & 1991 B	$28,417,482	$28,217,482	$28,217,482
Adventist Health System/West, 1998 Series A	60,000,000	47,700,000	47,700,000
Adventist Health System/West, 1998 Series B	42,200,000	33,000,000	33,000,000
Adventist Health System/West, 2002 Series A & 2002 B	60,000,000	60,000,000	60,000,000
Adventist Health System/West, 2003 Series A	168,000,000	168,000,000	168,000,000
Adventist Health System/West, 2009 Series A	90,000,000	90,000,000	90,000,000
Adventist Health System/West, 2009 Series B	30,000,000	30,000,000	30,000,000
Adventist Health System/West, 2009 Series C	54,495,000	36,840,000	36,840,000
Other Outstanding Debt		429,000,000	429,000,000
Proposed New Debt:			
CHFFA Series 2011			**$130,000,000**
TOTAL DEBT		**$922,757,482**	**$1,052,757,482**

* Includes current portion of long-term debt.

EXHIBIT 5

BACKGROUND, GOVERNANCE AND LICENSURE

Background

The health care system led by Adventist Health System/West ("AHS/W"), doing business as Adventist Health, has a rich history with a commitment to delivering quality health care. This commitment stems back to 1866 with dedicated health care pioneers who promoted proper nutrition, exercise, and proper sanitation.

AHS/W, headquartered in Roseville, California, is a nonprofit corporation created in 1980 when two smaller health systems, Adventist Health Services, Inc. and Northwest Medical Foundation, merged. AHS/W was formed to coordinate the management of health care facilities in the Western United States (Alaska, Arizona, California, Hawaii, Idaho, Montana, Nevada, Oregon Utah and Washington). AHS/W (both the Obligated Group and non-obligated members) collectively control or manage 17 nonprofit corporations that own or operate acute care facilities. These facilities range in size from 32 to 448 licensed acute care beds, plus other bed categories such as skilled nursing, ambulatory residential and retirement. AHS/W includes more than 2,600 beds, 18,000 employees, numerous clinics and outpatient facilities, 16 home care agencies and three joint venture retirement centers.

Obligated Group

The Obligated Group consists of the Corporation and 16 nonprofit hospital corporations, 13 of which own and operate facilities in California, Hawaii, Oregon and Washington and one which operates a leased hospital facility in Oregon. The members of the Obligated Group are jointly and severally liable for substantially all of AHS/W's debt under the terms of a Master Indenture.

Two Members of the Obligated Group, Paradise Valley Hospital and South Coast Medical Center, are treated as discontinued operations for accounting purposes. Paradise Valley Hospital sold substantially all its assets in 2007. Paradise Valley Hospital continues as a Member of the Obligated Group, but has no active operations.

In 2009, AHS/W entered into an agreement for the sale of the assets of the South Coast Medical Center, and it is also treated as a discontinued operation for accounting purposes. South Coast Medical Center remains a Member of the Obligated Group but has no active operations.

Adventist Health System/West

Obligated Group Member	Location
Central Valley General Hospital…………....	Hanford, CA
Feather River Hospital……………………..	Paradise, CA
Glendale Adventist Medical Center……….	Glendale, CA
Hanford Community Medical Center……...	Hanford, CA
Paradise Valley Hospital*…………………	National City, CA
San Joaquin Community Hospital…………	Bakersfield, CA
Simi Valley Hospital………………………	Simi Valley, CA
Sonora Community Medical Center……….	Sonora, CA
South Coast Medical Center*…………….	Laguna Beach, CA
St. Helena Hospital………………………...	Deer Park, CA
Ukiah Valley Medical Center……………...	Ukiah, CA
White Memorial Hospital………………….	Los Angeles, CA
Castle Medical Center……………………..	Kailua, HI
Adventist Medical Center………………….	Portland, OR
Tillamook County General Hospital……….	Tillamook, OR
Walla Walla General Hospital……………..	Walla Walla, WA

* No active operations. Treated as discontinued operation for accounting purposes.

Corporate Governance

The articles of incorporation and bylaws of the Corporation provide that its business and affairs shall be managed by its Board of Directors (the “Board”). Members of the Board are elected by the Membership. The Membership currently consists of 39 members who are drawn from the following: (i) educational institutions; (ii) health care institutions; (iii) representatives of management; (iv) representatives selected from the presidents of the hospital; (v) physicians; and (vi) representatives who meet the qualifications for membership set forth in the bylaws.

Each member’s term is for five years or until a successor is elected. A member can be elected for successive terms. Under the current bylaws, the Board will be composed of no more than 13 members, all of which are voting members.

Licensure and Memberships

Each of AHS/W’s California facilities is appropriately licensed by the Department of Health Services and is certified to participate in the Medicare and Medi-Cal programs.

EXHIBIT 6

CHFFA BOND ISSUANCE GUIDELINES
Less than BBB+/BBB+/Baa1 or Unrated Debt

While all projects must demonstrate financial feasibility, these guidelines describe what CHFFA would expect to see given a transaction (or borrower) with a particular rating (or no rating). The Authority would reserve the right to use its discretion as necessary and appropriate. The Authority acknowledges that each financing must be reviewed individually and exceptions to these guidelines may be considered if the applicant demonstrates that such exception is a necessary part of a cost-effective and prudent borrowing strategy. Conversely, the Authority retains the flexibility to request additional provisions as circumstances warrant.

BOND RATING [1]	LOAN SECURITY PROVISIONS	BOND COVENANTS
Less than BBB+/BBB+/Baa1 or Unrated Debt	• Must be privately placed (in both primary and secondary markets), with appropriate disclosure, with a "Qualified Institutional Buyer" as defined by SEC Rule 144A, promulgated under the Securities Act of 1933 • Minimum denomination of $250,000 ——— • Unconditional Promise to Pay • Gross Revenue Pledge • Debt Service Reserve Account (must be funded at all times with internal cash, bond proceeds, letter of credit or surety bond) • Bonds cannot be split by selling participatory shares	Legal Covenant: ♦ Must comply with Section 15438.5 (c) of the Government Code Reporting Covenants: • Annual submission of Certificate of Compliance with CHFFA Statute, Continuing Disclosure (if applicable), financial and other covenants of bond documents • Submission of required Arbitrage Reports to Authority • Annual Audited Financial Statements • Submit quarterly unaudited financials, if requested Financial Covenants: • Maintain appropriate rates and charges to maintain a minimum coverage ratio of at least 1.25 times maximum annual debt service • Must submit annual reports that show that the coverage is being met, per certification of the financial officer • If the coverage falls below the minimum ratio, must engage a management consultant which shall report its recommendations for corrective actions • Must maintain minimum 1.25 coverage to take on additional debt Other Covenants: • Other covenants as appropriate

(1) Refers to rating categories used by Standard & Poor's/Fitch/Moody's. **Version:** 9/28/2000