

# RatingsDirect®

---

## Adventist Health System/West, California California Health Facilities Financing Authority; CP; Joint Criteria; System

**Primary Credit Analyst:**

Chloe A Pickett, Englewood + 1 (303) 721 4122; [Chloe.Pickett@spglobal.com](mailto:Chloe.Pickett@spglobal.com)

**Secondary Contact:**

Blake C Fundingsland, Englewood + 1 (303) 721 4703; [blake.fundingsland@spglobal.com](mailto:blake.fundingsland@spglobal.com)

### Table Of Contents

---

Credit Highlights

Outlook

Credit Opinion

Enterprise Profile--Very Strong

Financial Profile--Vulnerable

Credit Snapshot

Related Research

# Adventist Health System/West, California California Health Facilities Financing Authority; CP; Joint Criteria; System

## Credit Profile

US\$588.8 mil rev bnds (Adventist Health System/West) ser 2024A dtd 05/22/2024 due 12/01/2054

|                         |               |     |
|-------------------------|---------------|-----|
| <i>Long Term Rating</i> | BBB+/Negative | New |
|-------------------------|---------------|-----|

### California Health Facilities Financing Authority, California

Adventist Health System/West, California

California Health Facilities Finance Authority (Adventist Health System/West) sys

|                         |               |            |
|-------------------------|---------------|------------|
| <i>Long Term Rating</i> | BBB+/Negative | Downgraded |
|-------------------------|---------------|------------|

## Credit Highlights

- S&P Global Ratings lowered its long-term rating and underlying rating (SPUR) to 'BBB+' from 'A-' on debt issued by various entities for Adventist Health System/West, Calif. (Adventist Health).
- At the same time, S&P Global Ratings assigned its 'BBB+' long-term rating to California Health Facilities Financing Authority's \$588.8 million series 2024A bonds, issued for Adventist Health.
- The joint rating on California Health Facilities Financing Authority's series 2023B bonds, issued for Adventist Health, is 'AA-/A-1'. The long-term component of the rating reflects the joint support of the letter of credit (LOC) provided by Barclays Bank PLC and the SPUR on Adventist Health, the obligor, assuming low correlation, and addresses our expectation of full and timely interest and principal payments when the bondholders have not exercised the put option. The short-term component of the rating solely reflects our short-term rating on Barclays Bank PLC and addresses our expectation of full and timely interest and principal payments when the bondholders have exercised the put option.
- The joint rating on Adventist Health's series 2009B bonds is 'A+/A-1'. The long-term component of the rating is based on the application of our joint criteria (assuming medium correlation) reflecting the ratings on U.S. Bank and Adventist Health. We base the short-term component solely on U.S. Bank's letter of credit, which expires April 22, 2025.
- The short-term rating on Adventist Health's \$150 million series 2020A taxable commercial paper (CP) notes is 'A-2'. We base our rating on the series 2020A notes on self-liquidity provided by Adventist Health. S&P Global Ratings monitors Adventist Health's liquidity monthly to ensure it is sufficient to support the proposed CP issuance and its other self-liquidity obligations, if needed.
- The outlook is negative.
- The lower rating and negative outlook reflect the significant pro forma debt following the series 2024 issuance, which weakens debt metrics meaningfully, and in conjunction with negative-albeit-improving operating performance, worsens Adventist Health's overall financial profile.

## **Security**

The revenues of the obligated group secure Adventist Health's bonds.

The proceeds from the series 2024A will refinance the system's bridge financing from RBC to purchase two former Tenet Health Care facilities. The system also plans to issue variable-rate demand bonds backed by LOCs, which we also expect to rate in the coming weeks and that we have incorporated into this analysis. The system also plans to refinance a \$400 million line of credit balance to long-term funding. In addition, the system plans to refinance the \$152 million series 2019 bonds and redeem \$150 million outstanding from its commercial paper program, which will be offset by \$150 million of new tax-exempt proceeds. In total, new additional debt incorporated into our analysis is about \$900 million.

## **Credit overview**

The rating reflects our view of Adventist Health's healthy enterprise profile, highlighted by the system's sizable and growing geographic footprint, market leadership, and experienced management team focused on market relevancy and operational improvement. Adventist Health serves a large population of more than 14 million people, with 27 hospitals operating across three states; however, the system's core operations are in southern, central, and northern California, and it holds a leading market share in each region. The system has added two hospitals to its operating profile in 2024, with plans for continued expansion, largely through ambulatory sites and rural clinics. Although the system's markets span urban, suburban, and rural regions, Adventist Health serves a somewhat vulnerable population, resulting in a heavily governmental payer mix, although the system's two most recent acquisitions have a solid commercial payer mix. The concentration on governmental payers is somewhat offset by the system's receipt of considerable special funding, although we view this reliance as a limiting credit factor given the potential for volatility in state and federal funding programs. We view Adventist Health's improvement in centralization and integration positively, as it has historically helped the system through periods of operating volatility and enabled it to execute on strategic priorities in each region. Finally, we view Adventist Health's management favorably, as the executives have extensive experience and the system has laid out a strategic vision with clear goals and benchmarks, focused on strategic growth and operational improvement.

The rating also reflects our view of Adventist Health's financial profile, which has seen a multiyear trend of negative operations, although it improved in fiscal 2023. Adventist Health's operating margin has been negative since fiscal 2019, although these periods were heavily affected by one-time events, including a revenue cycle transition, wildfires, and the pandemic. In response, Adventist Health implemented a large operational improvement plan to enhance the system's financial performance following several years of strained operations due to these events, which has significantly reduced operating losses and is expected to continue incrementally improving performance. The plan targeted significant savings through revenue management, labor and productivity, and administrative costs, among other areas, to stabilize operations and return to historical profitability. While operations remained negative through fiscal 2023, Adventist Health has demonstrated solid progress, more than halving operating losses with continued improvement expected during the outlook period. The rating further reflects our view of Adventist Health's weak balance sheet, marked by high pro forma leverage and debt burden, as well as low pro forma unrestricted reserves-to-long-term debt following the series 2024 debt issuance. We expect the balance sheet will remain stable during the outlook period, as improving cash flow should support a rise in capital spending; however, we could lower

the rating further if cash flow does not improve or spending is higher than anticipated, necessitating a significant drawdown of unrestricted reserves or additional debt beyond levels acceptable for the rating.

The rating incorporates a positive holistic adjustment based on Adventist Health's considerable size and growing revenue diversity, as well as management's ongoing improvement initiatives that have resulted in recovering operating performance.

We also incorporated Adventist Health's expected energy asset concession agreement and thermal services agreement with Roseville Sustainable Energy Partners LLC (RSEP), a separate special purpose entity that is partnering with Bernhard LLC (a company with expertise in operating, managing, and providing capital improvements to these types of energy assets). This arrangement will provide Adventist Health with an advance lease payment that the hospital will use toward its capital spending needs. As part of the agreement, RSEP will assume all operating risks and costs related to the covered energy assets and invest in sustainable infrastructure as well as provide guaranteed utility savings to benefit Adventist Health over the term of the agreement and reduced carbon emissions. The debt that funds the advance lease payments to Adventist Health is issued by RSEP and secured by payments made under thermal services agreements payments by Adventist Health, although Adventist Health is not obligated on the RSEP financing.

As a result of this transaction, Adventist Health will have approximately \$400 million of deferred revenue related to advance lease payments. Given the nature of the arrangement, we do not consider this to be long-term debt, although if included would result in pro forma leverage of about 58% and reserves to pro forma long-term debt weakening to about 58%, the effect of which we consider fairly minimal. Although we view the transaction favorably given the expected energy savings and Bernhard's expertise in operating and managing these types of assets, we also recognize and have incorporated the credit risks related to Adventist Health in the unlikely event of a required termination payment on the debt. Adventist Health could be required to pay the RSEP termination fee, which might vary depending on the event, although management generally expects any termination payment to keep Adventist Health in a similar economic position as it would be if it continued to make annual payments to RSEP.

The rating reflects our view of Adventist Health's:

- Geographic diversity and large service area population, operating 27 hospitals across three states, serving a blend of urban, rural, and suburban markets;
- Solid days' cash on hand, which, although weaker than in previous years, is in line with medians for the rating level;
- Minimal contingent-liability exposure with no associated swap agreements and no defined-benefit pension plan; and
- Improving integration and centralization of administrative processes over the past several years, generating consistent operations and strategy execution.

In our opinion, offsetting credit factors precluding a higher rating include Adventist Health's:

- Multiyear trend of negative operations, although fiscal 2023 performance improved as the system continues to execute on a large operating improvement plan;
- Operations in challenging markets across the system, with a high concentration of government payers, and heavy reliance on special funding programs;

- Elevated pro forma debt levels with high leverage and low unrestricted reserves to long-term debt; and
- Rising average age of plant, although the system plans to increase capital spending during the outlook period.

### **Environmental, social, and governance**

We view Adventist Health's physical risks as elevated in our analysis given its location in markets that are historically prone to earthquakes and wildfires, particularly in recent years. Mitigating the earthquake risk is Adventist Health's investment in capital to comply with 2030 seismic guidelines. The system has experienced financial strain in recent years after wildfires damaged facilities and disrupted operations. Although there is little Adventist Health can do to mitigate the risk of wildfires, in our opinion, the diversification of the system's facilities and centralization of administration allows for allocation of resources and functions to respond and adapt to disruptive environmental events, and somewhat offsets financial risks. We view Adventist Health's governance and social risks as neutral in our analysis, although we view the system as being reliant on special funding for operations, which we consider as higher risk given the potential for changes at the state and federal level. In addition, we continue to view human capital risks as potentially dampening performance, as labor costs remain elevated across the sector.

In addition, we view the RSEP transaction favorably, as Bernhard estimates the improvements will allow for an almost 25% reduction in electricity consumption over the 30-year term, allowing for more efficient and resilient operations.

## **Outlook**

The negative outlook reflects the ongoing operating losses, which while improved from the previous year, need to demonstrate further strengthening to support the significant additional debt levels, as the weakened balance sheet provides very limited cushion if operating performance does not continue to improve as expected.

### **Downside scenario**

We could lower the rating if Adventist Health is unable to meaningfully and sustainably improve operating performance and cash flow. We could also consider a negative rating action if key balance sheet metrics weaken from current levels, through deterioration in unrestricted reserves or a sizable debt additional issuance. Furthermore, while not expected, we would view negatively sustained weakening in the system's enterprise profile.

### **Upside scenario**

We could revise the outlook to stable if Adventist Health shows a continued trend of operating improvement, generating sustained positive operating margins, strong cash flow, and maximum annual debt service (MADS) coverage in line with 'BBB+' rating levels. We would also view positively balance sheet improvement, namely unrestricted reserves-to-long-term debt and leverage. Finally, the successful integration of the recent acquisitions, including benefits to the enterprise and financial profiles would support an outlook revision to stable.

## **Credit Opinion**

## Enterprise Profile--Very Strong

### Leadership across multiple markets with future growth focused on ambulatory and clinic expansion

Adventist Health serves a large population of 14 million. Although the majority of operations are concentrated in California, the system operates acute-care facilities in Oregon and Hawaii, as well as maintaining a clinical presence in Washington. The system is composed of 27 hospitals and has held the leading market share in each of its key markets, including northern, central, and southern California, as well as the Pacific Northwest. Despite the system's concentration in California, Adventist Health maintains a diverse portfolio of assets, serving urban, suburban, and rural markets across the state. Although acquisitions slowed somewhat through the pandemic, the system has brought on two new acute-care facilities since our last review in December 2023. In April 2024, Adventist Health purchased two former Tenet facilities in San Luis Obispo County in Central California, the 162-bed Adventist Health Sierra Vista and the 122-bed Adventist Health Twin Cities. The acquisition of these two facilities has expanded Adventist Health's geographic reach into the economically favorable San Luis Obispo region and both facilities generate very strong EBIDA margins, generally above 15%.

Other expansion plans are focused on ambulatory and clinical growth, as the system has seen significant outpatient expansion in the past several years. As the system expanded over the past several years, Adventist Health has also focused on integration and centralization. Given the diverse set of assets that have been brought into the system, management has invested considerable time and resources into centralizing key corporate functions as appropriate, while still maintaining strategies applicable to each market. We view the improvement in the system's integration and centralization positively because it allows it to more easily onboard new assets, leverage Adventist Health's market leadership, and develop strategies within each market that align with the corporation's overall goals and mission.

### Management and strategic vision

Following years of key executive turnover, Adventist Health's management team has stabilized with no significant changes expected during the outlook period. The system's management team has extensive industry experience, working in recent years on the development and execution of a strategic plan focused on strengthening core operations, increasing market relevance, and expanding capabilities across each market. In addition, Adventist Health implemented a large operational improvement plan to enhance the system's financial performance following several years of strained operations due to one-time events and impacts from the pandemic, which has significantly reduced operating losses and is expected to continue incrementally improving performance. We view management favorably given the team's considerable experience and strategic vision, although we will continue to monitor the execution of strategic priorities during the outlook period.

**Table 1**

#### Adventist Health System West, California--Enterprise statistics

|                      | --Fiscal year ended Dec. 31-- |         |         |         |
|----------------------|-------------------------------|---------|---------|---------|
|                      | 2023                          | 2022    | 2021    | 2020    |
| PSA population       | N/A                           | N/A     | N/A     | N/A     |
| PSA market share (%) | N/A                           | N/A     | N/A     | N/A     |
| Inpatient admissions | 115,673                       | 113,868 | 116,381 | 112,719 |

**Table 1**

| Adventist Health System West, California--Enterprise statistics (cont.) |         |         |         |         |
|---|---------|---------|---------|---------|
| --Fiscal year ended Dec. 31--   |         |         |         |         |
|   | 2023    | 2022    | 2021    | 2020    |
| Equivalent inpatient admissions   | 263,918 | 224,236 | 234,359 | 223,737 |
| Emergency visits  | 815,027 | 775,083 | 682,364 | 638,221 |
| Inpatient surgeries   | 22,627  | 21,577  | 22,539  | 21,950  |
| Outpatient surgeries  | 60,714  | 55,122  | 51,327  | 44,382  |
| Medicare case mix index   | 1.8649  | 1.8591  | 1.8400  | 1.8100  |
| FTE employees   | 21,390  | 20,344  | 19,912  | 19,060  |
| Active physicians   | 8,009   | 7,512   | 7,251   | 7,355   |
| Based on net/gross revenues   | Net     | Net     | Net     | Net     |
| Medicare (%)  | 38.2    | 37.6    | 36.2    | 35.7    |
| Medicaid (%)  | 25.7    | 27.7    | 30.5    | 30.9    |
| Commercial/Blues (%)  | 30.9    | 29.9    | 30.2    | 28.0    |

Inpatient admissions exclude normal newborn, psychiatric, rehabilitation, and long-term care facility admissions. PSA--Primary service area. FTE--Full-time equivalent. N/A--Not applicable. N.A.--Not available.

## Financial Profile--Vulnerable

### Improving financial performance expected to continue during the outlook period

Adventist Health's operating results have been negative since fiscal 2019; however, following years of increasing losses, performance through fiscal 2023 has shown solid improvement. This is largely attributable to the system's significant improvement initiatives, including revenue cycle and labor and productivity initiatives, and reduction of administrative expenses. Adventist Health expects to see further improvement during the outlook period as improvement initiatives continue, which we believe is reasonable considering fiscal 2023 improvements. While we expect improving operations will in turn support improved cash flow, pro forma MADS coverage is very weak for the rating level. However, from conversations with management and the calculation of debt service coverage as per bond documents, we do not expect issues with covenant compliance. We expect financial performance will continue to improve; however, if the system cannot maintain meaningful improvement and therefore cannot generate sufficient cash flow to support increasing capital spending and maintain the balance sheet, we could lower the rating further during the outlook period.

### Balance sheet stability expected following weakening with series 2024 bond issuance

Unrestricted reserves have been relatively stable since deteriorating in fiscal 2022, with stable days' cash on hand in fiscal 2023. Through the pandemic, the system scaled back capital spending to focus on operational stabilization and improvement. As financial performance is expected to continue improving, the system is planning to moderately ramp up capital spending over the next several years. Despite increased spending, the system forecasts overall balance sheet stability, as the plans should be supported by improved cash flow and some potential additional debt. The system typically funds capital investment and some working capital through draws on its line of credit and CP program, which is typically recouped within the same year or converted to long-term debt.

Following the series 2024 issuance, we view the system's pro forma leverage and debt burden as elevated for the rating level. Furthermore, the pro forma unrestricted reserves-to-long-term debt compares unfavorably with 'BBB+' medians. Somewhat offsetting the weak debt metrics, the system has limited contingent-liability exposure, no defined-benefit pension plan, and no swap agreements. Contingent liabilities include the system's series 1998B, 2009B, and 2023B variable-rate demand bonds, series 2015 direct-purchase bonds, and \$150 million CP program, although unrestricted reserves-to-contingent liabilities is excellent. There are no plans for significant additional debt during the outlook period, although we note there is limited flexibility for additional debt that materially affects metrics.

**Table 2**

| <b>Adventist Health System West, California--Financial statistics</b> |                                      |             |             |             |
|---|--------------------------------------|-------------|-------------|-------------|
|   | <b>--Fiscal year ended Dec. 31--</b> |             |             |             |
|   | <b>2023</b>                          | <b>2022</b> | <b>2021</b> | <b>2020</b> |
| <b>Financial performance</b>  |                                      |             |             |             |
| Net patient revenue (\$000s)  | 5,263,000                            | 4,688,000   | 4,660,000   | 4,097,000   |
| Total operating revenue (\$000s)                                      | 5,925,000                            | 5,352,000   | 5,164,000   | 4,730,000   |
| Total operating expenses (\$000s)                                     | 6,093,000                            | 5,646,000   | 5,364,000   | 4,848,000   |
| Operating income (\$000s)   | (168,000)                            | (294,000)   | (200,000)   | (118,000)   |
| Operating margin (%)  | (2.84)                               | (5.49)      | (3.87)      | (2.49)      |
| Net nonoperating income (\$000s)                                      | 40,000                               | 167,000     | 133,000     | 87,000      |
| Excess income (\$000s)  | (128,000)                            | (127,000)   | (67,000)    | (31,000)    |
| Excess margin (%)   | (2.15)                               | (2.30)      | (1.26)      | (0.64)      |
| Operating EBIDA margin (%)  | 2.06                                 | (0.67)      | 1.12        | 3.19        |
| EBIDA margin (%)  | 2.72                                 | 2.37        | 3.61        | 4.94        |
| Net available for debt service (\$000s)                               | 162,000                              | 131,000     | 191,000     | 238,000     |
| Maximum annual debt service (\$000s)                                  | 187,638                              | 187,638     | 187,638     | 187,638     |
| Maximum annual debt service coverage (x)                              | 0.86                                 | 0.70        | 1.02        | 1.27        |
| Operating lease-adjusted coverage (x)                                 | 0.88                                 | 0.75        | 1.01        | 1.23        |
| <b>Liquidity and financial flexibility</b>                            |                                      |             |             |             |
| Unrestricted reserves (\$000s)  | 2,127,000                            | 2,214,000   | 2,500,000   | 2,148,000   |
| Unrestricted days' cash on hand                                       | 131.7                                | 148.1       | 176.5       | 168.7       |
| Unrestricted reserves/total long-term debt (%)                        | 92.0                                 | 93.7        | 125.0       | 105.5       |
| Unrestricted reserves/contingent liabilities (%)                      | 640.7                                | 2,022.7     | 1,737.9     | 1,231.2     |
| Average age of plant (years)  | 14.6                                 | 14.1        | 12.9        | 12.0        |
| Capital expenditures/depreciation and amortization (%)                | 138.3                                | 67.9        | 70.5        | 83.1        |
| <b>Debt and liabilities</b>   |                                      |             |             |             |
| Total long-term debt (\$000s)   | 2,313,000                            | 2,362,000   | 2,000,000   | 2,036,000   |
| Long-term debt/capitalization (%)                                     | 46.8                                 | 48.6        | 39.5        | 40.0        |
| Contingent liabilities (\$000s)                                       | 331,990                              | 109,460     | 143,848     | 174,463     |
| Contingent liabilities/total long-term debt (%)                       | 14.4                                 | 4.6         | 7.2         | 8.6         |
| Debt burden (%)   | 3.15                                 | 3.40        | 3.54        | 3.90        |
| Defined-benefit plan funded status (%)                                | N/A                                  | N/A         | N/A         | N/A         |

**Table 2**

| Adventist Health System West, California--Financial statistics (cont.) |                               |         |         |         |
|--|-------------------------------|---------|---------|---------|
|  | --Fiscal year ended Dec. 31-- |         |         |         |
|  | 2023                          | 2022    | 2021    | 2020    |
| <b>Pro forma ratios</b>  |                               |         |         |         |
| Unrestricted reserves (\$000s)   | 2,127,000                     | N/A     | N/A     | N/A     |
| Total long-term debt (\$000s)  | 3,213,000                     | N/A     | N/A     | N/A     |
| Unrestricted days' cash on hand  | 131.7                         | N/A     | N/A     | N/A     |
| Unrestricted reserves/total long-term debt (%)                         | 66.2                          | N/A     | N/A     | N/A     |
| Long-term debt/capitalization (%)                                      | 55.0                          | N/A     | N/A     | N/A     |
| <b>Miscellaneous</b>   |                               |         |         |         |
| Medicare advance payments (\$000s)*                                    | N/A                           | N/A     | 180,000 | 358,000 |
| Short-term borrowings (\$000s)*  | 200,000                       | N/A     | N/A     | N/A     |
| COVID-19 stimulus recognized (\$000s)                                  | 101,000                       | 121,000 | 126,000 | 295,000 |
| Total net special funding (\$000s)                                     | 408,000                       | 376,000 | 417,000 | 363,000 |

\*Excluded from unrestricted reserves, long-term debt, and contingent liabilities. N/A--Not applicable. N.A.--Not available.

### Credit Snapshot

- Group rating methodology: Core
- Credit overview: Adventist Health operates 27 hospitals. Although most are in three distinct markets in California, the system also has facilities in Oregon, Washington, and Hawaii, which demonstrates Adventist's good geographic and revenue diversity. Adventist Health derives about one-third of its revenue in central California and approximately one-quarter of its revenues in each of northern and southern California, with the remaining revenues coming from markets in Oregon, Washington, and Hawaii combined. The hospitals range from large tertiary providers to smaller community hospitals with fewer than 50 beds. Supporting the acute-care operations are home care and hospice agencies, and both wholly owned and joint-venture retirement centers.

### Related Research

- Through The ESG Lens 3.0: The Intersection Of ESG Credit Factors And U.S. Public Finance Credit Factors, March 2, 2022

### Ratings Detail (As Of May 3, 2024)

|   |               |            |
|---|---------------|------------|
| Adventist Hlth Sys/West GP  |               |            |
| <i>Short Term Rating</i>  | A-2           | Affirmed   |
| Adventist Hlth Sys/West (Adventist Hlth Sys/West) sys               |               |            |
| <i>Long Term Rating</i>   | BBB+/Negative | Downgraded |
| <b>California Health Facilities Financing Authority, California</b> |               |            |
| Adventist Health System/West, California                            |               |            |

**Ratings Detail (As Of May 3, 2024) (cont.)**

|   |                     |            |
|---|---------------------|------------|
| California Health Facilities Financing Authority (Adventist Health System/West JOINTCRIT)   |                     |            |
| <i>Long Term Rating</i>   | AA-/A-1             | Downgraded |
| <i>Unenhanced Rating</i>  | BBB+(SPUR)/Negative | Downgraded |
| California Health Facilities Financing Authority (Adventist Health System/West) sys (AGM) (SECMKT)  |                     |            |
| <i>Unenhanced Rating</i>  | BBB+(SPUR)/Negative | Downgraded |
| California Health Facilities Financing Authority (Adventist Health System/West) sys (BAM)   |                     |            |
| <i>Unenhanced Rating</i>  | BBB+(SPUR)/Negative | Downgraded |
| California Health Facilities Financing Authority (Adventist Health System/West) sys (BAM)   |                     |            |
| <i>Unenhanced Rating</i>  | BBB+(SPUR)/Negative | Downgraded |
| California Health Facilities Financing Authority (Adventist Health System/West) sys (BAM)   |                     |            |
| <i>Unenhanced Rating</i>  | BBB+(SPUR)/Negative | Downgraded |
| California Health Facilities Financing Authority (Adventist Health System/West) sys (BAM) (SECMKT)  |                     |            |
| <i>Unenhanced Rating</i>  | BBB+(SPUR)/Negative | Downgraded |
| California Health Facilities Financing Authority (Adventist Health System/West) sys (BAM) (SECMKT)  |                     |            |
| <i>Unenhanced Rating</i>  | BBB+(SPUR)/Negative | Downgraded |
| California Hlth Facs Fincg Auth (Adventist Hlth Sys/West) sys   |                     |            |
| <i>Long Term Rating</i>   | BBB+/Negative       | Downgraded |
| California Hlth Facs Fincg Auth (Adventist Hlth Sys/West) JOINTCRIT   |                     |            |
| <i>Long Term Rating</i>   | A+/A-1              | Downgraded |
| <i>Unenhanced Rating</i>  | BBB+(SPUR)/Negative | Downgraded |
| <b>California Statewide Communities Development Authority, California</b>   |                     |            |
| Adventist Health System/West, California  |                     |            |
| California Statewide Communities Development Authority (Adventist Health System/West) rev bnds (Adventist Hlth Sys/West) ser 2018A dtd 09/27/2018 due |                     |            |
| <i>Unenhanced Rating</i>  | BBB+(SPUR)/Negative | Downgraded |
| California Statewide Communities Development Authority (Adventist Health System/West) sys (ASSURED GTY)   |                     |            |
| <i>Unenhanced Rating</i>  | BBB+(SPUR)/Negative | Downgraded |
| California Statewide Communities Development Authority (Adventist Health System/West) sys (BAM) (SECMKT)  |                     |            |
| <i>Unenhanced Rating</i>  | BBB+(SPUR)/Negative | Downgraded |
| California Statewide Commtys Development Authority (Adventist Health System/West) sys   |                     |            |
| <i>Long Term Rating</i>   | BBB+/Negative       | Downgraded |
| <b>Multnomah County Hospital Facilities Authority, Oregon</b>   |                     |            |
| Adventist Health System/West, California  |                     |            |
| Hospital Facilities Authority of Multnomah County (Adventist Health System/West) sys  |                     |            |
| <i>Long Term Rating</i>   | BBB+/Negative       | Downgraded |

Many issues are enhanced by bond insurance.

Copyright © 2024 by Standard & Poor's Financial Services LLC. All rights reserved.

No content (including ratings, credit-related analyses and data, valuations, model, software or other application or output therefrom) or any part thereof (Content) may be modified, reverse engineered, reproduced or distributed in any form by any means, or stored in a database or retrieval system, without the prior written permission of Standard & Poor's Financial Services LLC or its affiliates (collectively, S&P). The Content shall not be used for any unlawful or unauthorized purposes. S&P and any third-party providers, as well as their directors, officers, shareholders, employees or agents (collectively S&P Parties) do not guarantee the accuracy, completeness, timeliness or availability of the Content. S&P Parties are not responsible for any errors or omissions (negligent or otherwise), regardless of the cause, for the results obtained from the use of the Content, or for the security or maintenance of any data input by the user. The Content is provided on an "as is" basis. S&P PARTIES DISCLAIM ANY AND ALL EXPRESS OR IMPLIED WARRANTIES, INCLUDING, BUT NOT LIMITED TO, ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE, FREEDOM FROM BUGS, SOFTWARE ERRORS OR DEFECTS, THAT THE CONTENT'S FUNCTIONING WILL BE UNINTERRUPTED OR THAT THE CONTENT WILL OPERATE WITH ANY SOFTWARE OR HARDWARE CONFIGURATION. In no event shall S&P Parties be liable to any party for any direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees, or losses (including, without limitation, lost income or lost profits and opportunity costs or losses caused by negligence) in connection with any use of the Content even if advised of the possibility of such damages.

Credit-related and other analyses, including ratings, and statements in the Content are statements of opinion as of the date they are expressed and not statements of fact. S&P's opinions, analyses and rating acknowledgment decisions (described below) are not recommendations to purchase, hold, or sell any securities or to make any investment decisions, and do not address the suitability of any security. S&P assumes no obligation to update the Content following publication in any form or format. The Content should not be relied on and is not a substitute for the skill, judgment and experience of the user, its management, employees, advisors and/or clients when making investment and other business decisions. S&P does not act as a fiduciary or an investment advisor except where registered as such. While S&P has obtained information from sources it believes to be reliable, S&P does not perform an audit and undertakes no duty of due diligence or independent verification of any information it receives. Rating-related publications may be published for a variety of reasons that are not necessarily dependent on action by rating committees, including, but not limited to, the publication of a periodic update on a credit rating and related analyses.

To the extent that regulatory authorities allow a rating agency to acknowledge in one jurisdiction a rating issued in another jurisdiction for certain regulatory purposes, S&P reserves the right to assign, withdraw or suspend such acknowledgment at any time and in its sole discretion. S&P Parties disclaim any duty whatsoever arising out of the assignment, withdrawal or suspension of an acknowledgment as well as any liability for any damage alleged to have been suffered on account thereof.

S&P keeps certain activities of its business units separate from each other in order to preserve the independence and objectivity of their respective activities. As a result, certain business units of S&P may have information that is not available to other S&P business units. S&P has established policies and procedures to maintain the confidentiality of certain non-public information received in connection with each analytical process.

S&P may receive compensation for its ratings and certain analyses, normally from issuers or underwriters of securities or from obligors. S&P reserves the right to disseminate its opinions and analyses. S&P's public ratings and analyses are made available on its Web sites, [www.spglobal.com/ratings](http://www.spglobal.com/ratings) (free of charge), and [www.ratingsdirect.com](http://www.ratingsdirect.com) (subscription), and may be distributed through other means, including via S&P publications and third-party redistributors. Additional information about our ratings fees is available at [www.spglobal.com/usratingsfees](http://www.spglobal.com/usratingsfees).

STANDARD & POOR'S, S&P and RATINGSDIRECT are registered trademarks of Standard & Poor's Financial Services LLC.