New Issue – Book-Entry Only **See "Ratings" herein**

In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the Authority, based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Series 2021A Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986. In the further opinion of Bond Counsel, interest on the Series 2021A Bonds is not a specific preference item for purposes of the federal alternative minimum tax. Bond Counsel is also of the opinion that interest on the Bonds is exempt from State of California personal income taxes. Bond Counsel observes that interest on the Series 2021B Bonds is not excluded from gross income for federal income tax purposes under Section 103 of the Code. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Bonds. See "Tax Matters."

$301,500,000

California Municipal Finance Authority
Revenue Bonds
(Community Health System),
Series 2021A

$137,270,000

California Municipal Finance Authority
Revenue Bonds
(Community Health System),
Series 2021B (Federally Taxable)

Dated: Date of Delivery **Due:** As shown on the inside cover

The California Municipal Finance Authority (the "*Authority*") will issue the (i) California Municipal Finance Authority Revenue Bonds (Community Health System), Series 2021A (the "*Series 2021A Bonds*"), in the principal amount of $301,500,000, and (ii) California Municipal Finance Authority Revenue Bonds (Community Health System), Series 2021B (Federally Taxable) (the "*Series 2021B Bonds*" and, together with the Series 2021A Bonds, the "*Bonds*"), in the principal amount of $137,270,000. The Bonds are being issued pursuant to separate Indentures, each dated as of December 1, 2021 (each, an "*Indenture*" and, together, the "*Indentures*"), each between the Authority and The Bank of New York Mellon Trust Company, N.A., as trustee (the "*Trustee*"). The proceeds of the Bonds will be loaned to Community Hospitals of Central California ("*Community Hospitals*") and Fresno Community Hospital and Medical Center (d/b/a Community Health System) ("*Fresno Community Hospital*" and, together with Community Hospitals, the "*Borrowers*") pursuant to separate Loan Agreements, each dated as of December 1, 2021 (each, a "*Loan Agreement*" and, together, the "*Loan Agreements*"), each among the Authority and the Borrowers, and will be used for the purposes described herein. Pursuant to the Loan Agreements, the Borrowers agree to make payments to the Trustee, which payments, in the aggregate, are required to be in amounts sufficient for the payment in full of all amounts payable with respect to the Bonds. The obligations of the Borrowers to make payments under the Loan Agreement related to the Series 2021A Bonds will be secured by Community Hospitals of Central California Obligation No. 12 ("*Obligation No. 12*"), issued pursuant to the provisions of the Master Indenture of Trust, dated as of May 1, 2007, as supplemented and amended (as so supplemented and amended, the "*Master Indenture*"), among the members of the obligated group ("*Obligated Group*") created pursuant to the Master Indenture and The Bank of New York Mellon Trust Company, N.A., as master trustee (the "*Master Trustee*"). The obligations of the Borrowers to make payments under the Loan Agreement related to the Series 2021B Bonds will be secured by the Community Hospitals of Central California Obligation No. 13 ("*Obligation No. 13*" and, together with Obligation No. 12, the "*Series 2021 Obligations*"), issued pursuant to the provisions of the Master Indenture.

The Bonds are issuable in fully registered form only in denominations of $5,000 or any integral multiple thereof and, when delivered, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("*DTC*"). Beneficial owners of Bonds will not receive physical certificates representing the Bonds purchased but will receive a credit balance on the books of the nominees of such purchasers. So long as Cede & Co. is the registered owner of the Bonds, principal of and premium, if any, and interest on the Bonds will be paid by the Trustee to DTC, which in turn, will remit such principal, premium, if any, and interest to its participants for subsequent disbursement to the beneficial owners of the Bonds, as described herein. Interest on the Bonds is payable on February 1 and August 1 of each year, commencing February 1, 2022.

Maturities, Principal Amounts, Interest Rates, Prices, Yields and CUSIP© numbers are Shown on the Inside Cover

The Bonds are subject to optional, extraordinary optional and mandatory sinking fund redemption prior to maturity and to purchase in lieu of redemption, all as described herein. The purchase of the Bonds involves certain investment risks. See "Bondholders' Risks" herein.

As described herein, the Master Indenture will be amended and restated in its entirety by a Master Trust Indenture (Amended and Restated) (the "*Amended and Restated Master Indenture*") to be dated as of December 1, 2021, and effective on the Effective Date (as defined therein). By the purchase of the Bonds, each Holder of the Bonds will be deemed to have irrevocably consented to the amendment, restatement and replacement of the Master Indenture with the Amended and Restated Master Indenture and the release of the Deed of Trust described herein.

None of the Authority, any Authority Member or any person executing the Bonds is liable personally on the Bonds or subject to any personal liability or accountability by reason of their issuance. The Bonds are limited obligations of the Authority, payable solely from and secured by the pledge of the revenues under the Indentures. Neither the Authority, its Members, the State of California nor any of its political subdivisions shall be directly, indirectly, contingently or morally obligated to use any other moneys or assets to pay all or any portion of the debt service due on the Bonds, to levy or pledge any form of taxation whatever therefor or to make any appropriation for their payment. The Bonds are not a pledge of the faith and credit of the Authority, its Members, the State of California or any of its political subdivisions, nor do they constitute indebtedness within the meaning of any constitutional or statutory debt limitation. The Authority has no taxing power.

The scheduled payment of principal of and interest on the Series 2021B Bonds when due will be guaranteed under an insurance policy to be issued concurrently with the delivery of the Series 2021B Bonds (the "*Policy*") by Assured Guaranty Municipal Corp. (the "*Insurer*" or "*AGM*"). For a specimen form of the Policy, see Appendix G — "Specimen Municipal Bond Insurance Policy" attached hereto. For certain information regarding the Insurer, see "Bond Insurance" herein. **The payment of principal of and interest on the Series 2021A Bonds will not be guaranteed under the Policy.**

This cover page contains certain information for immediate reference only. It is not intended to be a complete summary of the terms of or security for the Bonds. Investors should read the entire Official Statement to obtain information essential to the making of an informed investment decision.

The Bonds are offered when, as and if received by the Underwriter, subject to prior sale and to the approval of validity of the Bonds and certain other legal matters by Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the Authority. Certain legal matters will be passed upon for the Authority by its counsel, Jones Hall, A Professional Law Corporation, for the Obligated Group by its counsel, Ropes & Gray LLP, and for the Underwriter by its counsel, Chapman and Cutler LLP. The Bonds in book-entry form are expected to be available for delivery through the services of DTC on or about December 16, 2021.

Citigroup

Date: December 8, 2021

MATURITY SCHEDULE

$301,500,000
California Municipal Finance Authority
Revenue Bonds
(Community Health System),
Series 2021A

MATURITY DATE (FEBRUARY 1)	PRINCIPAL AMOUNT	INTEREST RATE	PRICE	YIELD	CUSIP†
2024	$90,000	5.000%	109.723	0.400%	13048VYP7
2025	2,105,000	5.000	114.035	0.470	13048VYQ5
2026	2,285,000	5.000	117.810	0.620	13048VYR3
2027	2,410,000	5.000	121.271	0.760	13048VYS1
2028	2,575,000	5.000	124.041	0.950	13048VYT9
2029	2,705,000	5.000	126.654	1.100	13048VYU6
2030	2,860,000	5.000	129.153	1.220	13048VYV4
2031	3,000,000	5.000	131.637	1.310	13048VYW2
2032	3,150,000	5.000	133.872	1.400	13048VYX0
2033	3,310,000	5.000	132.983	1.480*	13048VYY8
2034	3,485,000	5.000	132.211	1.550*	13048VYZ5
2035	3,660,000	5.000	131.772	1.590*	13048VZA9
2036	3,830,000	4.000	120.895	1.740*	13048VZB7
2037	3,985,000	4.000	120.073	1.820*	13048VZC5
2038	4,145,000	4.000	119.766	1.850*	13048VZD3
2039	4,320,000	4.000	119.461	1.880*	13048VZE1
2040	9,045,000	4.000	119.156	1.910*	13048VZF8
2041	9,420,000	4.000	118.852	1.940*	13048VZG6

$50,095,000 3.000% Term Bond due February 1, 2046, Priced 103.900 to Yield 2.560%* CUSIP†: 13048VZH4
$185,025,000 4.000% Term Bond due February 1, 2051, Priced 116.750 to Yield 2.150%* CUSIP†: 13048VZJ0

$137,270,000
California Municipal Finance Authority
Revenue Bonds
(Community Health System),
Series 2021B (Federally Taxable)

MATURITY DATE (FEBRUARY 1)	PRINCIPAL AMOUNT	INTEREST RATE	PRICE	YIELD	CUSIP†
2022	$5,275,000	0.725%	100.000	0.725%	13048VZK7
2023	3,790,000	0.925	100.000	0.925	13048VZL5
2024	3,835,000	1.361	100.000	1.361	13048VZM3
2025	3,890,000	1.665	100.000	1.665	13048VZN1
2026	3,960,000	1.865	100.000	1.865	13048VZP6
2027	4,040,000	2.096	100.000	2.096	13048VZQ4
2028	4,120,000	2.246	100.000	2.246	13048VZR2
2029	4,225,000	2.361	100.000	2.361	13048VZS0
2030	4,325,000	2.511	100.000	2.511	13048VZT8
2031	4,435,000	2.661	100.000	2.661	13048VZU5
2032	4,565,000	2.761	100.000	2.761	13048VZV3

$90,810,000 3.280% Term Bond due February 1, 2046, Priced 100.000 to Yield 3.280% CUSIP†: 13048VZW1

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* Yield to the first optional redemption date of February 1, 2032.

† A registered trademark of the American Bankers Association. CUSIP is provided by Standard & Poor's CUSIP Service Bureau, a Standard & Poor's Financial Services LLC business. CUSIP numbers have been assigned by an independent company not affiliated with the Authority, the Obligated Group or the Underwriter and are provided for convenience of reference only. None of the Authority, the Obligated Group or the Underwriter assumes any responsibility for the accuracy of such numbers, and no representation is made as to their correctness on the Bonds or as indicated above.

REGARDING THE OFFICIAL STATEMENT

No dealer, broker, salesperson or other person has been authorized by the Authority, the Obligated Group or the Underwriter to give any information or to make any representations, other than those contained in this Official Statement, and, if given or made, such information or representation must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. This Official Statement is submitted in connection with the issuance of securities referred to herein and may not be used, in whole or in part, for any other purpose.

The information relating to the Authority set forth herein under the captions "INTRODUCTORY STATEMENT — Limited Obligations of the Authority," "THE AUTHORITY" and "ABSENCE OF MATERIAL LITIGATION — The Authority" has been furnished by the Authority. The Authority does not warrant the accuracy of the statements contained herein relating to the Obligated Group, nor does it directly or indirectly guarantee, endorse or warrant (1) the creditworthiness or credit standing of the Obligated Group, (2) the sufficiency of the security for the Bonds or (3) the value or investment quality of the Bonds. The Authority makes no representations or warranties whatsoever with respect to any information contained herein except for the information under the captions "THE AUTHORITY" and "ABSENCE OF MATERIAL LITIGATION — The Authority." All other information set forth herein has been obtained from the Obligated Group, The Depository Trust Company (*"DTC"*) and other sources that are believed to be reliable. The Underwriter has provided the following sentence for inclusion in this Official Statement: *The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to investors under federal securities laws as applied to the facts and circumstances of the transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.* The information and expressions of opinion in this Official Statement are subject to change without notice. Neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, give rise to any implication that there has been no change in the affairs of the Authority, the Obligated Group or DTC since the date of this Official Statement.

Assured Guaranty Municipal Corp. ("*AGM*") makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, AGM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding AGM supplied by AGM and presented under the heading "BOND INSURANCE" herein and in APPENDIX G — "SPECIMEN MUNICIPAL BOND INSURANCE POLICY" hereto.

A wide variety of other information, including financial information, concerning the Obligated Group is available from publications and the website of the Obligated Group and others. Any such information that is inconsistent with the information set forth in this Official Statement should be disregarded. No such information is part of or incorporated by reference into this Official Statement, except as expressly noted herein.

References to website addresses herein are for informational purposes only and may be in the form of a hyperlink solely for the reader's convenience. Unless otherwise specified herein, such websites and the information or links contained therein are not incorporated into and are not a part of this Official Statement.

CUSIP numbers are included in this Official Statement for the convenience of the holders and potential holders of the Bonds. No assurance can be given that the CUSIP numbers for the Bonds will remain the same after the date of the issuance and delivery of the Bonds.

Neither the Bonds nor any other security relating to the Bonds has been registered under the Securities Act of 1933, and the Indentures have not been qualified under the Trust Indenture Act of 1939, in each case in reliance upon exemptions contained in such acts. The exemptions from registration and from qualification in accordance with applicable provisions of federal or state securities laws cannot be regarded as a recommendation of the Bonds or any related security. Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of the Bonds or any related security or passed upon the adequacy or accuracy of this Official Statement. Any representation to the contrary may be a criminal offense.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVERALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

In making any investment decision, investors must rely upon their own examination of the terms of the offering, including the merits and risks involved.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS IN THIS OFFICIAL STATEMENT

Certain statements included or incorporated by reference in this Official Statement constitute "forward-looking statements." Such statements are generally identifiable by the terminology used such as "plan," "expect," "estimate," "anticipate," "budget" or other similar words. Such forward-looking statements include, among others, certain statements in "BONDHOLDERS' RISKS" in the forepart of this Official Statement and "MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL PERFORMANCE" in APPENDIX A to this Official Statement.

The achievement of certain results or other expectations contained in such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. The Obligated Group does not plan to issue any updates or revisions to those forward-looking statements if or when their expectations, or events, conditions or circumstances upon which such statements are based occur or fail to occur.

TABLE OF CONTENTS

PAGE

INTRODUCTORY STATEMENT 1

Purpose of this Official Statement 1
Community Health System and the Obligated Group 2
Security and Sources of Payment for the Bonds 2
Proposed Amended and Restated Master Indenture 4
Plan of Finance 4
Bond Insurance 4
Bondholders' Risks 4
Limited Obligations of the Authority 5

THE AUTHORITY 5

THE BONDS 5

General 6
Redemption Provisions 6
Mandatory Purchase in Lieu of Redemption 11

SECURITY AND SOURCES OF PAYMENT FOR THE BONDS 11

General 11
Source of Payment for the Bonds 12
No Debt Service Reserve Fund 12
Limited Obligation of the Authority 12
The Master Indenture 13
Proposed Amended and Restated Master Indenture 17
The Deed of Trust 18

BOND INSURANCE 19

PLAN OF FINANCE 21

The Project 21
Refunding and Defeasance of the Series 2015A Bonds 22

ESTIMATED SOURCES AND USES OF BOND PROCEEDS 23

ESTIMATED ANNUAL DEBT SERVICE REQUIREMENTS 24

BONDHOLDERS' RISKS 25

TAX MATTERS 61

Series 2021A Bonds 61
Series 2021B Bonds 63

CERTAIN ERISA CONSIDERATIONS 66

ABSENCE OF MATERIAL LITIGATION 68

The Authority 68
The Obligated Group 69

LEGAL MATTERS 69

CONTINUING DISCLOSURE 69

RATINGS 70

FINANCIAL ADVISOR 70

UNDERWRITING 71

CERTAIN RELATIONSHIPS 71

VERIFICATION OF MATHEMATICAL COMPUTATIONS 72

INDEPENDENT AUDITORS 72

FINANCIAL STATEMENTS 72

MISCELLANEOUS 72

APPENDIX A — Description of Community Health System
APPENDIX B — Audited Consolidated Financial Statements of Community Hospitals of Central California and Affiliated Corporations dba Community Health System for the Fiscal Years Ended August 31, 2021 and 2020
APPENDIX C-1 — Summary of Master Indenture of Trust, Supplement No. 12 and Supplement No. 13
APPENDIX C-2 — Summary of the Series 2021A Indenture and Series 2021A Loan Agreement
APPENDIX C-3 — Summary of the Series 2021B Indenture and the Series 2021B Loan Agreement
APPENDIX C-4 — Form of Amended and Restated Master Indenture
APPENDIX D — Proposed Forms of Opinions of Bond Counsel
APPENDIX E — Form of Continuing Disclosure Agreement
APPENDIX F — Book-Entry System
APPENDIX G — Specimen Municipal Bond Insurance Policy

OFFICIAL STATEMENT

RELATING TO

$301,500,000	**$137,270,000**
CALIFORNIA MUNICIPAL FINANCE AUTHORITY	**CALIFORNIA MUNICIPAL FINANCE AUTHORITY**
REVENUE BONDS	**REVENUE BONDS**
(COMMUNITY HEALTH SYSTEM)	**(COMMUNITY HEALTH SYSTEM)**
SERIES 2021A	**SERIES 2021B (FEDERALLY TAXABLE)**

INTRODUCTORY STATEMENT

The descriptions and summaries of various documents referred to herein do not purport to be comprehensive or definitive, and reference is made to each document for the complete details of all terms and conditions. All statements herein regarding any such documents are qualified in their entirety by reference to such documents. All references to this Official Statement include the cover page and appendices. All capitalized terms used in this Official Statement and not otherwise defined herein have the meanings set forth in "DEFINITIONS OF CERTAIN TERMS" in APPENDIX C-1, C-2 AND C-3 hereto and Section 1.01 — "Definitions" in APPENDIX C-4 hereto.

PURPOSE OF THIS OFFICIAL STATEMENT

The purpose of this Official Statement is to furnish information in connection with the offering of (i) $301,500,000 aggregate principal amount of California Municipal Finance Authority Revenue Bonds (Community Health System), Series 2021A (the *"Series 2021A Bonds"*), and (ii) $137,270,000 aggregate principal amount of California Municipal Finance Authority Revenue Bonds (Community Health System), Series 2021B (Federally Taxable) (the *"Series 2021B Bonds"* and, together with the Series 2021A Bonds, the *"Bonds"*). The Series 2021A Bonds will be issued pursuant to, and in accordance with, the provisions of the Indenture dated as of December 1, 2021 (the *"Series 2021A Indenture"*), between the California Municipal Finance Authority (the *"Authority"*) and The Bank of New York Mellon Trust Company N.A., as trustee (the *"Trustee"*). The Series 2021B Bonds will be issued pursuant to, and in accordance with, the provisions of the Indenture dated as of December 1, 2021 (the *"Series 2021B Indenture"* and, together with the Series 2021A Indenture, the *"Indentures"* and, each, an *"Indenture"*), between the Authority and the Trustee. The proceeds of the Series 2021A Bonds will be loaned by the Authority to Community Hospitals of Central California (*"Community Hospitals"*) and Fresno Community Hospital and Medical Center (d/b/a Community Health System) (*"Fresno Community Hospital"*), each a nonprofit corporation organized under the laws of the State of California (the *"State"*), pursuant to a Loan Agreement, dated as of December 1, 2021 (the *"Series 2021A Loan Agreement"*), among the Authority, Community Hospitals and Fresno Community Hospital. Community Hospital and Fresno Community Hospital collectively are referred to herein as the *"Borrowers."* The proceeds of the Series 2021B Bonds will be loaned by the Authority to the Borrowers pursuant to a Loan Agreement, dated as of December 1, 2021 (the *"Series 2021B Loan Agreement"* and, together with the Series 2021A Loan Agreement, the *"Loan Agreements"* and, each, a *"Loan Agreement"*), among the Authority and the Borrowers.

COMMUNITY HEALTH SYSTEM AND THE OBLIGATED GROUP

Community Health System is the business name used by the group of entities comprising the comprehensive health care organization described herein. Community Health System serves Fresno County, California and the surrounding California Central Valley area consisting of Kern, Kings, Mariposa, Madera and Tulare counties (the *"Central Valley"*). Community Health System serves the needs of a diverse community, offering medical services throughout the region through a comprehensive hospital network and a variety of outpatient programs and services. Through a number of facilities, Community Health System offers medical, surgical and emergency services, family birth, pediatrics, skilled nursing, home care and outpatient care. In addition to the size and diversity of its facilities, CHS offers a variety of specialized services, including the Central Valley's only comprehensive burn center and Level I trauma center (one of only five such facilities in California) and a Level III Neonatal Intensive Care Unit. For a description of the operations of Community Health System, see APPENDIX A hereto.

Community Hospitals and Fresno Community Hospital comprise an obligated group (collectively, the *"Obligated Group"* and each, a *"Member"* of the Obligated Group) created under the Master Indenture of Trust, dated as of May 1, 2007 and as supplemented and amended from time to time (as so supplemented and amended, the *"Master Indenture"*), among Community Hospitals, Fresno Community Hospital and The Bank of New York Mellon Trust Company, N.A., as master trustee (the *"Master Trustee"*). The Members of the Obligated Group are jointly and severally obligated to pay when due the principal of and premium, if any, and interest on each Obligation issued under the Master Indenture, including Community Hospitals of Central California Obligation No. 12 (*"Obligation No. 12"*), securing payments with respect to the Series 2021A Bonds, and Community Hospitals of Central California Obligation No. 13 (*"Obligation No. 13"* and, together with Obligation No. 12, the *"Series 2021 Obligations"*), securing payments with respect to the Series 2021B Bonds.

The Members of the Obligated Group are the sole obligors with respect to the Bonds and the Series 2021 Obligations (as defined herein). No other entity within Community Health System's group of entities is obligated with respect to the Bonds or the Series 2021 Obligations.

Other entities may join the Obligated Group, and Members may withdraw from the Obligated Group upon compliance with the terms of the Master Indenture. Community Hospitals and Fresno Community are, and, at the date of issuance of the Bonds will be, the only Members of the Obligated Group. For information relating to Community Health System, see APPENDIX A hereto.

SECURITY AND SOURCES OF PAYMENT FOR THE BONDS

The Series 2021A Bonds will be payable solely from Revenues with respect to the Series 2021A Indenture, which consist primarily of payments made by the Borrowers under the Series 2021A Loan Agreement for the purpose of paying the principal of and interest on the Series 2021A Bonds (the *"Series 2021A Loan Repayments"*) and from payments made by the Obligated Group Members on Obligation No. 12. The Series 2021B Bonds will be payable solely from Revenues with respect to the Series 2021B Indenture, which consist primarily of payments made by the Borrowers under the Series 2021B Loan Agreement for the purpose of paying the principal of and interest on the Series 2021B Bonds (the *"Series 2021B Loan Repayments"* and, together with the Series 2021A Loan Repayments, the *"Loan Repayments"*) and from payments made by the Obligated Group Members on Obligation No. 13.

In order to secure the obligation of the Borrowers to make the payments under the Series 2021A Loan Agreement, Community Hospitals, as Obligated Group Representative, will issue Obligation No. 12

pursuant to the Master Indenture, as supplemented by Supplemental Master Indenture of Trust for Obligation No. 12, dated as of December 1, 2021 (the *"Series 2021A Supplemental Master Indenture"*), between Community Hospitals, on behalf of itself and as Obligated Group Representative, and the Master Trustee. In order to secure the obligation of the Borrowers to make the payments under the Series 2021B Loan Agreement, Community Hospitals, as Obligated Group Representative, will issue Obligation No. 13 pursuant to the Master Indenture, as supplemented by Supplemental Master Indenture of Trust for Obligation No. 13, dated as of December 1, 2021 (the *"Series 2021B Supplemental Master Indenture"*), between Community Hospitals, on behalf of itself and as Obligated Group Representative, and the Master Trustee. The Series 2021 Obligations will be issued pursuant to the Master Indenture but, upon the effectiveness of the Amended and Restated Master Indenture upon the "Effective Date" (which will be the date of issuance of the Bonds), will be subject to the terms of the Amended and Restated Master Indenture. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS — Proposed Amended and Restated Master Indenture" herein. Pursuant to the Master Indenture, the Members of the Obligated Group agree to make payments on the Series 2021 Obligations in an amount sufficient to pay, when due, the related Loan Repayments required to be paid by the Borrowers and, thus, the principal of and interest on the Bonds. Each Member of the Obligated Group is jointly and severally obligated to make payments on all Obligations issued under the Master Indenture, including the Series 2021 Obligations. The Series 2021 Obligations will entitle the Trustee, as the holder of each Series 2021 Obligation, to the benefit of the covenants, restrictions and other obligations imposed on the Obligated Group under the Master Indenture. For further information concerning the security for the Bonds, see the information under the caption "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS" below.

To secure their obligation to make payments with respect to Obligations issued under the Master Indenture and their other obligations, agreements and covenants to be performed and observed under the Master Indenture, each Member of the Obligated Group has granted to the Master Trustee for the benefit of the holders of all Obligations issued under the Master Indenture a security interest in its Gross Revenues (as defined herein). Upon the Effective Date of the Amended and Restated Master Indenture, the security interest in Gross Revenues will be terminated and all Obligations will be secured by a pledge of Gross Receivables. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS — The Master Indenture" and "— Proposed Amended and Restated Master Indenture" herein for a description of Gross Revenues and Gross Receivables.

Although the Obligated Group has granted the Master Trustee a lien and security interest on the Mortgaged Properties (as defined herein) pursuant to the Deed of Trust (as defined herein) in order to further secure the Obligated Group's obligations under the Master Indenture, each holder of a Bond, by purchasing such Bond, will be deemed to irrevocably consent to the reconveyance of the Deed of Trust and the release of the lien and security interest on the Mortgaged Properties at such time as all debt secured by the Deed of Trust is retired and/or no longer secured by the Deed of Trust. For a description of the terms of the Deed of Trust, the Mortgaged Properties and the conditions to reconveyance, see "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS — The Deed of Trust" herein.

Under certain circumstances, the Master Indenture permits Members of the Obligated Group to issue additional Obligations that may be secured on a parity with all other Obligations. See "SUMMARY OF MASTER INDENTURE OF TRUST, SUPPLEMENT NO. 12 AND SUPPLEMENT NO. 13 — Particular Covenants of the Members — Limitation on Indebtedness" in APPENDIX C-1 hereto and Section 3.10 — "Limitation on Additional Indebtedness" in APPENDIX C-4 hereto.

PROPOSED AMENDED AND RESTATED MASTER INDENTURE

In connection with the issuance of the Bonds, Community Hospitals and Fresno Community Hospital have approved a Master Trust Indenture (Amended and Restated) (the *"Amended and Restated Master Indenture"*), to be dated as of December 1, 2021 and effective on the Effective Date described therein, among the Members of the Obligated Group and the Master Trustee. A form of the Amended and Restated Master Indenture is attached hereto as APPENDIX C-4. **BY THE PURCHASE OF THE BONDS ON THEIR DATE OF ISSUANCE, EACH HOLDER OF THE BONDS WILL BE DEEMED TO HAVE IRREVOCABLY CONSENTED TO THE AMENDMENT, RESTATEMENT AND REPLACEMENT OF THE MASTER INDENTURE WITH THE AMENDED AND RESTATED MASTER INDENTURE.** The Amended and Restated Master Indenture will become effective upon receipt of the consent of not less than a majority in aggregate principal amount of the Obligations then Outstanding under the Master Indenture. Upon the issuance of the Bonds and giving effect to the plan of finance (including the expected refunding and defeasance of the Series 2015A Bonds), the holders of the Bonds will constitute 54.7% of the Obligations Outstanding, and in such case, the Obligated Group expects that the Amended and Restated Master Indenture will become effective on the date of issuance of the Bonds. See "PLAN OF FINANCE — Refunding and Defeasance of the Series 2015A Bonds" herein.

PLAN OF FINANCE

The proceeds of the Bonds, together with other available funds, are expected to be used to (i) finance the construction, renovation, improvement and equipping of health care facilities owned and operated by a Member of the Obligated Group (as defined herein) located in the County of Fresno, California (the *"Project"*), (ii) refund all of the California Municipal Finance Authority Revenue Bonds (Community Medical Centers) Series 2015 A (the *"Series 2015A Bonds"*), $116,150,000 of which are currently outstanding, and (iii) pay costs of issuing the Bonds, including to pay the premium for the Policy (as defined herein) insuring payment, when due, of amounts due on the Series 2021B Bonds. See "PLAN OF FINANCE" herein.

The issuance of the Series 2021A Bonds is not conditioned on the issuance of the Series 2021B Bonds, and the issuance of the Series 2021B Bonds is not conditioned on the issuance of the Series 2021A Bonds.

BOND INSURANCE

The scheduled payment of principal of and interest on the Series 2021B Bonds when due will be guaranteed under the Policy to be issued concurrently with the delivery of the Series 2021B Bonds by Assured Guaranty Municipal Corp. (the "*Insurer*" or "*AGM*"). For a specimen form of the Policy, see APPENDIX G — "SPECIMEN MUNICIPAL BOND INSURANCE POLICY" attached hereto. For certain information relating to the Insurer, see "BOND INSURANCE" herein. **The payment of principal of and interest on the Series 2021A Bonds will not be guaranteed under the Policy.**

BONDHOLDERS' RISKS

Certain risk factors associated with the purchase of the Bonds are described under the caption "BONDHOLDERS' RISKS" in this Official Statement.

LIMITED OBLIGATIONS OF THE AUTHORITY

NONE OF THE AUTHORITY, ANY AUTHORITY MEMBER OR ANY PERSON EXECUTING THE BONDS IS LIABLE PERSONALLY ON THE BONDS OR SUBJECT TO ANY PERSONAL LIABILITY OR ACCOUNTABILITY BY REASON OF THEIR ISSUANCE. THE BONDS ARE LIMITED OBLIGATIONS OF THE AUTHORITY, PAYABLE SOLELY FROM AND SECURED BY THE PLEDGE OF THE REVENUES UNDER THE INDENTURES. NEITHER THE AUTHORITY, ITS MEMBERS, THE STATE OF CALIFORNIA, NOR ANY OF ITS POLITICAL SUBDIVISIONS SHALL BE DIRECTLY, INDIRECTLY, CONTINGENTLY OR MORALLY OBLIGATED TO USE ANY OTHER MONEYS OR ASSETS TO PAY ALL OR ANY PORTION OF THE DEBT SERVICE DUE ON THE BONDS, TO LEVY OR TO PLEDGE ANY FORM OF TAXATION WHATEVER THEREFOR OR TO MAKE ANY APPROPRIATION FOR THEIR PAYMENT. THE BONDS ARE NOT A PLEDGE OF THE FAITH AND CREDIT OF THE AUTHORITY, ITS MEMBERS, THE STATE OF CALIFORNIA OR ANY OF ITS POLITICAL SUBDIVISIONS, NOR DO THEY CONSTITUTE INDEBTEDNESS WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION. THE AUTHORITY HAS NO TAXING POWER.

THE AUTHORITY

Under Title 1, Division 7, Chapter 5 of the California Government Code (the *"JPA Act"*), certain California cities, counties and special districts have entered into a joint exercise of powers agreement (the *"JPA Agreement"*) forming the Authority for the purpose of exercising powers common to the members and exercising the additional powers granted to the Authority by the JPA Act and any other applicable provisions of California law. Under the JPA Agreement, the Authority may issue bonds, notes or any other evidence of indebtedness, for any purpose or activity permitted under the JPA Act or any other applicable law.

The Authority may sell or deliver obligations other than the Bonds. The obligations will be secured by instruments separate and apart from the Indentures and the Loan Agreements, and the holders of such other obligations of the Authority will have no claim on the security for the Bonds. Likewise, the Holders of the Bonds will have no claim on the security for such other obligations that may be issued by the Authority.

Neither the Authority nor its independent contractors have furnished, reviewed, investigated or verified the information contained in this Official Statement other than the information contained in this section and the section entitled "ABSENCE OF MATERIAL LITIGATION — The Authority." The Authority does not and will not in the future monitor the financial condition of the Obligated Group or otherwise monitor payment of the Bonds or compliance with the documents relating thereto. Any commitment or obligation for continuing disclosure with respect to the Bonds or the Obligated Group has been undertaken solely by Community Hospitals and Fresno Community Hospital, on behalf of the Obligated Group. See "CONTINUING DISCLOSURE" herein and "FORM OF CONTINUING DISCLOSURE AGREEMENT" in APPENDIX E hereto.

THE BONDS

The following is a summary of certain provisions of the Bonds. Reference is made to the Bonds and to the related Indenture for a more detailed description of such provisions. The discussion herein is qualified by such reference. See "SUMMARY OF SERIES 2021A INDENTURE AND SERIES 2021A LOAN AGREEMENT" in APPENDIX C-2 hereto and "SUMMARY OF SERIES 2021B INDENTURE AND THE SERIES 2021B LOAN AGREEMENT" IN APPENDIX C-3 hereto.

GENERAL

The Bonds will be dated, bear interest at the annual interest rates and mature in the years and in the principal amounts shown on the inside cover page of this Official Statement, subject to redemption prior to maturity as hereinafter described. The Bonds are issuable only as fully registered bonds, under a book-entry system, each in the denomination of $5,000 or any integral multiple thereof.

Interest on the Bonds will be payable semiannually on February 1 and August 1 of each year, commencing February 1, 2022 (each an *"Interest Payment Date"*). Interest on the Bonds will be payable to the persons whose names appear on the bond registration books of the Trustee as of the Record Date (January 15 and July 15 (whether or not such day is a Business Day)). Interest on the Bonds will be computed on the basis of a 360-day year containing twelve 30-day months.

Except while the Bonds are registered in book-entry form, as described in APPENDIX F hereto, (i) the principal or Redemption Price (including, with respect to the Series 2021B Bonds, the Make-Whole Redemption Price) on each Bond will be payable upon presentation and surrender thereof at the designated office of the Trustee and (ii) payment of the interest on each Bond shall be made on each Interest Payment Date to the Holder thereof as of the Record Date for each Interest Payment Date by check mailed on each Interest Payment Date to such Holder at his address as it appears on the registration books maintained by the Trustee; *provided, however,* that Holders of $1,000,000 or more in aggregate principal amount of a Series of Bonds may be paid by wire transfer to an account within the United States of America upon written request filed with the Trustee on or before the Record Date for the applicable Interest Payment Date. Any such interest not so punctually paid or duly provided for shall cease to be payable to the registered owner on such Record Date and shall be paid to the person in whose name such Bond is registered at the close of business on a special record date established by the Trustee in accordance with the provisions of the related Indenture. For so long as the Bonds are registered in book-entry form, the principal or redemption price (including, with respect to the Series 2021B Bonds, the Make-Whole Redemption Price) of and interest on the Bonds shall be payable in accordance with the payment procedures of The Depository Trust Company (*"DTC"*). See "BOOK-ENTRY SYSTEM" in APPENDIX F hereto.

REDEMPTION PROVISIONS

Optional Redemption of the Series 2021A Bonds. The Series 2021A Bonds maturing on and after February 1, 2033 will be subject to redemption prior to maturity, at the option of the Authority, which option shall be exercised upon Request of the Borrowers, in whole or in part (and if in part, in such amounts and such maturities (treating each Sinking Fund Installment as a separate maturity) as may be specified by the Borrowers and in Minimum Authorized Denominations, or, if the Borrowers fail to specify such maturities in inverse order of maturity), on any date on or after February 1, 2032, at a Redemption Price equal to 100% the principal amount of such Series 2021A Bonds called for redemption, together with accrued interest, if any, to the date fixed for redemption, without premium.

Optional Redemption of the Series 2021B Bonds. The Series 2021B Bonds maturing February 1, 2022 are not subject to optional redemption.

The Series 2021B Bonds maturing February 1, 2023, through February 1, 2032 shall be subject to redemption prior to their stated maturity, as a whole or from time to time in part on any Business Day, at a redemption price equal to the Make-Whole Redemption Price, together with the interest, if any, accrued thereon from the most recent Interest Payment Date to which interest has been paid or duly provided for upon the date fixed for redemption.

The Series 2021B Bonds maturing on February 1, 2046 shall be subject to redemption prior to their stated maturity, as a whole or from time to time in part on any Business Day, (i) before August 1, 2045, at the Make-Whole Redemption Price, together with the interest, if any, accrued thereon from the most recent Interest Payment Date to which interest has been paid or duly provided for upon the date fixed for redemption, and (ii) on or after August 1, 2045, at a redemption price equal to the principal amount of Series 2021B Bonds called for redemption, together with the interest, if any, accrued thereon from the most recent Interest Payment Date to which interest has been paid or duly provided for upon the date fixed for redemption. In the event of a redemption pursuant to the Series 2021B Indenture, as and to the extent applicable, the Borrowers shall provide the Trustee with a revised sinking fund installment schedule giving effect to the redemption so completed.

As used herein, the following definitions apply:

"*Business Day*" means any day, other than a Saturday or Sunday, and other than a day on which the Bond Trustee or a Calculation Agent (other than the Bond Trustee), as applicable, is required, or authorized or not prohibited, by law (including without limitation, executive orders) to close and is closed.

"*Calculation Agent*" means an independent accounting firm, investment banking firm or financial advisor retained by the Borrowers at the Borrowers' expense.

"*Make-Whole Period*" means the number of years, including any fractional portion thereof, calculated on the basis of a 360-day year consisting of twelve 30-day months, between the redemption date and the remaining maturity of each Series 2021B Bond to be redeemed.

"*Make-Whole Redemption Price*" means an amount equal to the greater of (a) the principal amount of the Series 2021B Bonds to be redeemed or (b) the sum of the present values of the remaining scheduled payments of principal of and interest on the Series 2021B Bonds to be redeemed, not including any portion of those payments of interest accrued and unpaid as of the date such Series 2021B Bonds are to be redeemed, discounted to the date of redemption of such Series 2021B Bonds to be redeemed on a semiannual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate plus the number of basis points set forth below:

MATURITY (FEBRUARY 1)	BASIS POINTS
2023	5
2024	10
2025	10
2026	10
2027	10
2028	15
2029	15
2030	15
2031	20
2032	20
2046	25

"*Treasury Rate*" means, as of any redemption date for any Series 2021B Bond, the time-weighted interpolated average yield for a term equal to the Make-Whole Period based on the yields of the two U.S. Treasury nominal securities at "constant maturity" (as compiled and published in

the most recent Federal Reserve Statistical Release H.15 (519) that is publicly available not less than two (2) Business Days nor more than 30 calendar days prior to the redemption date (excluding inflation indexed securities) (or, if such Statistical Release is no longer published, any publicly available source of similar market data reasonably selected by the Calculation Agent)) maturing immediately preceding and succeeding the Make-Whole Period, or if the period from the redemption date to such maturity date is less than one year, the weekly average yield on actually traded U.S. Treasury securities adjusted to a constant maturity of one year. The Treasury Rate shall be determined by the Calculation Agent.

Mandatory Sinking Fund Redemption of the Series 2021A Bonds. The Series 2021A Bonds maturing on February 1, 2046 are subject to redemption prior to their stated maturity date, in part from Sinking Fund Installments, on each February 1 in the years and in the amounts set forth below at the principal amount thereof, together with interest accrued thereon to the date fixed for redemption, without premium:

YEAR	SINKING FUND INSTALLMENT
2042	$9,760,000
2043	9,850,000
2044	9,860,000
2045	10,160,000
2046†	10,465,000

† Final Maturity

The Series 2021A Bonds maturing on February 1, 2051 are subject to redemption prior to their stated maturity date, in part from Sinking Fund Installments, on each February 1 in the years and in the amounts set forth below at the principal amount thereof, together with interest accrued thereon to the date fixed for redemption, without premium:

YEAR	SINKING FUND INSTALLMENT
2047	$10,590,000
2048	41,030,000
2049	42,700,000
2050	44,445,000
2051†	46,260,000

† Final Maturity

Mandatory Sinking Fund Redemption of the Series 2021B Bonds. The Series 2021B Bonds maturing on February 1, 2046 are subject to redemption prior to their stated maturity date, in part from Sinking Fund Installments, on each February 1 in the years and in the amounts set forth below at the principal amount thereof, together with interest accrued thereon to the date fixed for redemption, without premium:

YEAR	SINKING FUND INSTALLMENT
2033	$4,695,000
2034	4,855,000
2035	5,020,000
2036	5,185,000
2037	5,360,000
2038	5,540,000
2039	5,720,000
2040	12,015,000
2041	6,505,000
2042	6,720,000
2043	6,945,000
2044	7,175,000
2045	7,415,000
2046†	7,660,000

† Final Maturity

Extraordinary Optional Redemption. The Bonds are subject to redemption prior to their respective stated maturities, at the option of the Authority (which option shall be exercised upon request of the Borrowers), in whole or in part (and, if in part, in such amounts and maturities as may be specified by the Borrowers and in Minimum Authorized Denominations), on any date specified by the Borrowers, from hazard insurance or condemnation proceeds received with respect to the Facilities, at the principal amount thereof, plus accrued interest to the date fixed for redemption, without premium. With respect to the Series 2021B Bonds, if the redemption is in part, the selection of Series 2021B Bonds to be redeemed shall be subject to the approval of the Insurer.

Partial Redemption of the Series 2021A Bonds. In the event of a partial redemption, the Trustee shall select the Series 2021A Bonds to be redeemed within a maturity, from all such Series 2021A Bonds subject to redemption or such given portion thereof not previously called for redemption in any manner which the Trustee in its sole discretion shall deem appropriate and fair; *provided, however,* that if a portion of a Term Bond is being redeemed and the Borrowers have designated a specific Sinking Fund Installment or specific Sinking Fund Installment payments within such Term Bond to be redeemed, the Trustee shall redeem a portion of such Term Bonds in accordance with such instruction of the Borrowers, which instruction shall be provided in writing.

Partial Redemption of the Series 2021B Bonds. If the Series 2021B Bonds are registered in book-entry only form and so long as DTC or a successor securities depository is the sole registered owner of such Series 2021B Bonds, if fewer than all of the Series 2021B Bonds of a maturity are called for prior redemption (including redemptions of a Term Bond), the particular Series 2021B Bonds or portions thereof to be redeemed shall be allocated on a pro rata pass through distribution of principal basis in accordance with DTC procedures, *provided* that, so long as the Series 2021B Bonds are held in book-entry form, the

selection for redemption of such Series 2021B Bonds shall be made in accordance with the operational arrangements of DTC then in effect, and, if the DTC operational arrangements do not allow for redemption on a pro rata pass through distribution of principal basis, the Series 2021B Bonds will be selected for redemption, in accordance with DTC procedures, by lot.

Notice of Redemption. Notice of redemption shall be mailed by the Trustee, not less than 20 days nor more than 60 days to the Holders of Bonds called for redemption at their addresses appearing on the bond registration books of the Trustee and to the Master Trustee, with a copy to the Authority and, with respect to the Series 2021B Bonds, the Insurer. Each notice of redemption shall state the date of such notice, the date of issue of the Bonds to be redeemed, the redemption date, the Redemption Price (including, with respect to the Series 2021B Bonds, the Make-Whole Redemption Price), the place or places of redemption (including the name and appropriate address or addresses of the Trustee), the maturity, the CUSIP numbers, if any, and, in the case of Bonds to be redeemed in part only, the respective portions of the principal amount thereof to be redeemed. Each such notice shall also state that, subject to prior rescission in accordance with the provisions of the related Indenture described below, on the redemption date there will become due and payable on each of said Bonds the Redemption Price (including, with respect to the Series 2021B Bonds, the Make-Whole Redemption Price) thereof or of said specified portion of the principal amount thereof in the case of a Bond to be redeemed in part only, together with interest accrued thereon to the redemption date, and that from and after such redemption date interest thereon shall cease to accrue, and shall require that such Bonds be then surrendered. Each notice shall also state that redemption is conditioned upon receipt by the Trustee of legally available sufficient funds to pay the Redemption Price (including, with respect to the Series 2021B Bonds, the Make-Whole Redemption Price) of the Bonds so redeemed.

Any notice of optional redemption may be rescinded by written notice given to the Trustee by the Borrowers no later than five Business Days prior to the date specified for redemption. The Trustee shall give notice of such rescission as soon thereafter as practicable in the same manner, and to the same persons, as notice of such redemption was given pursuant to the paragraph above.

Failure by the Trustee to mail notice of redemption in manner described above to any one or more of the respective Holders of any Bonds designated for redemption shall not affect the sufficiency of the proceedings for redemption with respect to the Holders to whom such notice was mailed.

Effect of Redemption. Notice of redemption having been given as described above, and moneys for payment of the Redemption Price (including, with respect to the Series 2021B Bonds, the Make-Whole Redemption Price) of, together with interest accrued to the redemption date on, the Bonds (or portions thereof) so called for redemption being held by the Trustee, on the redemption date designated in the redemption notice, the Bonds (or portions thereof) so called for redemption shall become due and payable at the Redemption Price (including, with respect to the Series 2021B Bonds, the Make-Whole Redemption Price) specified in such notice together with interest accrued thereon to the redemption date, interest on the Bonds (or portions thereof) so called for redemption shall cease to accrue, said Bonds (or portions thereof) shall cease to be entitled to any benefit or security under the related Indenture and the Holders shall have no rights in respect thereof except to receive payment of said Redemption Price (including, with respect to the Series 2021B Bonds, the Make-Whole Redemption Price) and accrued interest to the date fixed for redemption from funds held by the Trustee for such payment.

MANDATORY PURCHASE IN LIEU OF REDEMPTION

Each Holder, by purchase and acceptance of any Bond, irrevocably grants to the Borrowers the option to purchase such Bond at any time such Bond is subject to optional redemption as described above under the caption "— Redemption Provisions — Optional Redemption of the Series 2021A Bonds" and "— Optional Redemption of the Series 2021B Bonds." Such Bond is to be purchased at a purchase price equal to the then applicable Redemption Price (including, with respect to the Series 2021B Bonds, the Make-Whole Redemption Price) of such Bond, plus accrued interest. The Borrowers may only exercise this option after (i) with respect to the Series 2021A Bonds, a Favorable Opinion of Bond Counsel is delivered to the Trustee, and (ii) the Borrowers have directed the Trustee to provide notice of mandatory purchase, such notice to be provided, as and to the extent applicable, as described above under the caption "— Redemption Provisions — Notice of Redemption." The provisions described above providing for (i) delivery of a conditional notice of redemption and (ii) rescission of notice of redemption shall also apply to any mandatory purchase in lieu of redemption. Bonds to be so purchased shall be selected by the Trustee in the same manner as Bonds called for redemption pursuant to the related Indenture. On the date fixed for purchase of any Bond in lieu of redemption, the Borrowers will pay the purchase price of such Bond to the Trustee in immediately available funds and the Trustee will pay the same to the Holders of the Bonds being purchased against delivery thereof. No purchase of any Bond in lieu of redemption shall operate to extinguish the indebtedness of the Authority evidenced by such Bond. No Holder or Beneficial Owner may elect to retain a Bond subject to mandatory purchase in lieu of redemption. Notwithstanding the foregoing, no purchase shall be made pursuant to the provisions of the Series 2021B Indenture summarized in this paragraph if any Series 2021B Bond so purchased will not be cancelled upon purchase, without the prior written consent of the Insurer.

SECURITY AND SOURCES OF PAYMENT FOR THE BONDS

GENERAL

The Bonds are limited obligations of the Authority, payable solely from the related Revenues, which consist primarily of the related Loan Repayments made to the Trustee by the Borrowers pursuant to the related Loan Agreement and payments made by the Members of the Obligated Group pursuant to the related Series 2021 Obligation.

The Bonds are being issued by the Authority pursuant to the related Indenture. To secure payment of principal of and interest on the Bonds, the Authority will pledge all of the related Revenues and any other amounts held in any fund or account established pursuant to the related Indenture (other than, with respect to the Series 2021A Bonds, the Rebate Fund). Said pledge shall constitute a lien on and security interest in such assets and shall attach, be perfected and be valid and binding from and after delivery by the Trustee of the Bonds, without any physical delivery thereof or further act. The Authority will also transfer and assign to the Trustee in trust, and will grant to the Trustee a security interest in, all of the related Revenues and other assets described above and all of the right, title and interest (but none of the obligations) of the Authority in the related Loan Agreement (except for its Reserved Rights) and the Series 2021 Obligations, all for the benefit of the Holders from time to time of the Bonds. Reserved Rights means those certain rights of the Authority under the related Loan Agreement to indemnification and to payment or reimbursement of fees and expenses of the Authority, including specifically, but, without limitation, Additional Payments payable to the Authority under the related Loan Agreement, the Authority's right (i) to inspect and audit the books, records and premises of the Borrowers, (ii) to collect attorneys' fees and related expenses, (iii) to enforce the Borrowers' covenant to comply with applicable federal tax law and State law, (iv) to receive notices and to grant or withhold consents or waivers under the Loan Agreements and the

Indentures, and (v) to amend the Indentures and the Loan Agreements in accordance with the provisions of the Indentures and the Loan Agreements.

SOURCE OF PAYMENT FOR THE BONDS

In each Loan Agreement, the Borrowers agree to pay (i) related Loan Repayments to the Trustee which, in the aggregate, are required to be in an amount sufficient for the payment in full of all principal and interest amounts payable on the related series of Bonds, whether due at maturity, upon redemption, by declaration of acceleration or otherwise and (ii) Additional Payments, comprised of fees and expenses associated with the related series of Bonds, including Authority fees and expenses, taxes and assessments, fees and charges of the Trustee, fees and expenses of accountants, consultants and other experts engaged by the Authority or the Trustee to provide services associated with the related series of Bonds, and any amounts due and payable by the Borrowers as rebate. The obligation of the Borrowers to make Loan Repayments and other payments under the Loan Agreements is absolute and unconditional, and shall not be abated, rebated, setoff, reduced, abrogated, terminated, waived, diminished, postponed or otherwise modified in any manner or to any extent whatsoever, while any Bonds remain Outstanding. The Borrowers shall pay absolutely net the Loan Repayments, Additional Payments and all other payments required under the Loan Agreements, regardless of any rights of setoff, recoupment, abatement or counterclaim that the Borrowers might otherwise have against the Authority or the Trustee or any other party or parties.

As security for the obligation of the Borrowers to make the Loan Repayments, Community Hospitals, as Obligated Group Representative, concurrently with the issuance with the Bonds, will issue the Series 2021 Obligations to the Trustee pursuant to which the Members of the Obligated Group will agree to make payments to the Trustee in amounts sufficient to pay, when due, the principal of and interest on the Bonds. Community Hospitals and Fresno Community Hospital are and, at the date of issuance of the Bonds, will be the only Members of the Obligated Group. Each Member is jointly and severally liable for payment of Obligations issued under the Master Indenture, including the Series 2021 Obligations. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS — The Master Indenture" below.

The Members of the Obligated Group receive a credit on payments due on the Series 2021 Obligations to the extent of related Loan Repayments made under the related Loan Agreement.

The legal right and practical ability of the Trustee to enforce its rights and remedies against the Borrowers under the related Indenture and the related Loan Agreement, and against the Members of the Obligated Group under the Series 2021 Obligations and related documents could be limited by laws relating to bankruptcy, insolvency, reorganization, fraudulent conveyance or moratorium and by other similar laws affecting creditors' rights. See "BONDHOLDERS' RISKS — Enforcement of Remedies May Be Limited or Delayed by Bankruptcy or Other Laws" herein.

NO DEBT SERVICE RESERVE FUND

No debt service reserve fund for the Bonds will be established in connection with the issuance of the Bonds.

LIMITED OBLIGATION OF THE AUTHORITY

NONE OF THE AUTHORITY, ANY AUTHORITY MEMBER OR ANY PERSON EXECUTING THE BONDS IS LIABLE PERSONALLY ON THE BONDS OR SUBJECT TO ANY PERSONAL LIABILITY OR ACCOUNTABILITY BY REASON OF THEIR ISSUANCE. THE BONDS ARE LIMITED OBLIGATIONS OF THE AUTHORITY, PAYABLE

SOLELY FROM AND SECURED BY THE PLEDGE OF THE REVENUES UNDER THE INDENTURES. NEITHER THE AUTHORITY, ITS MEMBERS, THE STATE OF CALIFORNIA, NOR ANY OF ITS POLITICAL SUBDIVISIONS SHALL BE DIRECTLY, INDIRECTLY, CONTINGENTLY OR MORALLY OBLIGATED TO USE ANY OTHER MONEYS OR ASSETS TO PAY ALL OR ANY PORTION OF THE DEBT SERVICE DUE ON THE BONDS, TO LEVY OR TO PLEDGE ANY FORM OF TAXATION WHATEVER THEREFOR OR TO MAKE ANY APPROPRIATION FOR THEIR PAYMENT. THE BONDS ARE NOT A PLEDGE OF THE FAITH AND CREDIT OF THE AUTHORITY, ITS MEMBERS, THE STATE OF CALIFORNIA OR ANY OF ITS POLITICAL SUBDIVISIONS, NOR DO THEY CONSTITUTE INDEBTEDNESS WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION. THE AUTHORITY HAS NO TAXING POWER.

THE MASTER INDENTURE

Joint and Several Obligations. Under the Master Indenture, Community Hospitals, acting on behalf of the Obligated Group, may execute and deliver obligations (each, an *"Obligation"* and collectively, the *"Obligations"*) to evidence or secure the incurrence of indebtedness or for other lawful and proper corporate purposes. The Master Indenture provides that all Members of the Obligated Group are jointly and severally liable with respect to the payment of all Obligations issued under the Master Indenture, including the Series 2021 Obligations. See "BONDHOLDERS' RISKS — Obligated Group Financings Carry Certain Risks" and "— Enforceability of Security Interest May Be Limited" herein.

Outstanding Obligations. Concurrently with the issuance of the Bonds, Community Hospitals, acting on behalf of the Obligated Group, will execute and deliver the Series 2021 Obligations to the Trustee in order to evidence the obligation of the Obligated Group to make payments to the Trustee in amounts sufficient to pay, when due, the principal of and interest on the Bonds. See "SUMMARY OF FINANCIAL INFORMATION — Outstanding Long-Term Debt" in APPENDIX A hereto for a description of all the outstanding long-term debt of the Obligated Group, including the Obligations outstanding and other long-term debt of the Obligated Group that is not secured by an Obligation issued under the Master Indenture. Upon the issuance of the Bonds and the implementation of the plan of finance (including the refunding of the Series 2015A Bonds), the aggregate principal amount of Obligations related to Indebtedness issued and outstanding under the Master Indenture will be $802,060,000.

Replacement of the Series 2021 Obligations. Under the circumstances described in the related Indenture, the related Series 2021 Obligation may be exchanged by the Trustee, without the consent of any of the Holders of the related series of Bonds, for an obligation issued under a different master trust indenture securing obligations of a different obligated group that would include among its members the Members of the Obligated Group. This could, under certain circumstances, lead to the substitution of different security in the form of an obligation backed by an obligated group that is financially and operationally different from the Obligated Group. Such new obligated group could have substantial debt outstanding that would rank on a parity with the substitute obligation. In order to exchange the Series 2021 Obligations, the Obligated Group must meet certain tests and requirements, as described in "SUMMARY OF THE SERIES 2021A INDENTURE AND SERIES 2021A LOAN AGREEMENT — Investment of Moneys in Funds and Accounts — Replacement of Obligation No. 12" in APPENDIX C-2 hereto and "SUMMARY OF SERIES 2021B INDENTURE AND SERIES 2021B LOAN AGREEMENT — Investment of Moneys in Funds and Accounts — Replacement of Obligation No. 13" in APPENDIX C-3 hereto. A similar provision is contained in the Amended and Restated Master Indenture. See Section 3.12 — "Replacement of Master Indenture Obligations" in APPENDIX C-4 hereto.

Security Interest in Collateral under the Master Indenture. Pursuant to the Master Indenture, to secure payment of all Obligations, including the Series 2021 Obligations, each Member of the Obligated

Group, to the extent permitted by law, has granted the Master Trustee a security interest (subject to Permitted Liens) in all its right, title and interest, to, and under the Gross Revenues and the Gross Revenue Fund and the proceeds thereof (collectively, the "*Collateral*") as security for its performance under the Master Indenture. "*Gross Revenues*" is defined in the Master Indenture as "all revenues, income, receipts and money received by each Member, including: (a) gross revenues collected from its operations and possession of and pertaining to its properties; (b) gifts, grants, bequests, donations and contributions, exclusive of any gifts, grants, bequests, donations and contributions to the extent specifically restricted by the donor to a particular purpose inconsistent with their use for the payment of Required Payments with respect to all outstanding Obligations, including the Series 2021 Obligations, or the payment of operating expenses; (c) proceeds derived from (i) condemnation proceeds, (ii) accounts receivable, (iii) securities and other investments, (iv) inventory and other tangible and intangible property, (v) medical reimbursement programs and agreements, (vi) insurance proceeds, and (vii) contract rights and other rights and assets now or hereafter owned, held or possessed by or on behalf of any Member; and (d) rentals received from the lease of office space." "Gross Revenues" do not include securities or other investments owned by the Members of the Obligated Group. In addition, the enforceability, priority and perfection of the security interest in Gross Revenues may be limited by a number of factors, or may be subordinated to the interests and claims of others in certain circumstances. See "BONDHOLDERS' RISKS — Enforceability of Security Interest May Be Limited" herein.

Subject to the provisions of the Master Indenture permitting the application of Collateral for the purposes and upon the terms and conditions set forth therein, each Member of the Obligated Group shall, so long as any Obligation remains Outstanding, deposit all of its Gross Revenues as soon as practicable upon receipt in one or more deposit accounts designated as the "Gross Revenue Fund" established with one or more designated banking institutions (each, a "*Depository Bank*"). Gross Revenues and amounts in the Gross Revenue Fund may be used and withdrawn by the Members of the Obligated Group at any time and for any lawful purpose unless any Member is delinquent for more than one Business Day in the payment of any Required Payment with respect to all outstanding Obligations, including the Series 2021 Obligations and such delinquency is not cured within the time period specified in the Master Indenture. See "SUMMARY OF MASTER INDENTURE OF TRUST, SUPPLEMENT NO. 12 AND SUPPLEMENT NO. 13 — Particular Covenants of the Members — Gross Revenue Fund" in APPENDIX C-1 hereto. All Gross Revenues withdrawn by an Obligated Group Member from the Gross Revenue Fund as permitted by the Master Indenture will not be subject to the lien of the Master Indenture, nor will any bank account of the Obligated Group Members other than the Gross Revenue Fund. Gross Revenues may be deposited into other bank accounts of the Obligated Group Members before they are deposited into the Gross Revenue Fund or after they are withdrawn from the Gross Revenue Fund, and such other bank accounts are not subject to the lien of the Master Indenture. The Members of the Obligated Group have entered into a deposit account control agreement (the *"Deposit Account Control Agreement"*) among the Members of the Obligated Group, Wells Fargo Bank, National Association (*"Wells Fargo"*), in its capacity as depository bank and lockbox processor, and the Master Trustee, related to the Gross Revenue Fund.

The security interest in the Gross Revenues and the Gross Revenues Fund has been perfected to the extent, and only to the extent, that the security interest may be perfected by the entry into the Deposit Account Control Agreement. There may not be a perfected security interest in some or all of the Gross Revenues prior to the deposit of such Gross Revenues into the Gross Revenue Fund, nor will there be a perfected security interest in any Gross Revenues after they are withdrawn from the Gross Revenue Fund.

Even if the lien of the Master Indenture is perfected, the lien may not be of first priority. The security interest in Gross Revenues may be subordinated to the interests and claims of others in several circumstances (for instance statutory liens; liens in favor of the United States or an agency thereof; where

assignment violates existing or future prohibitions on assignment under statute; and liens imposed through the exercise by courts of equitable powers).

Upon the Effective Date of the Amended and Restated Master Indenture, the security interest in Gross Revenues and the Deposit Account Control Agreement will be terminated and all Obligations will be secured by a pledge of Gross Receivables and there will no longer be a Deposit Account Control Agreement. See " — Pledge of Gross Receivables under the Amended and Restated Master Indenture" below and Section 3.03 in APPENDIX C-4 hereto.

See "BONDHOLDERS' RISKS — Obligated Group Financings Carry Certain Risks" and "— Enforceability of Security Interest May Be Limited" herein for a discussion of certain limitations on enforceability with respect to Obligations.

Pledge of Gross Receivables under the Amended and Restated Master Indenture. Upon the Effective Date, pursuant to the Amended and Restated Master Indenture, each Member of the Obligated Group, to the extent permitted by law, will grant the Master Trustee a security interest (subject to Permitted Liens) in its Gross Receivables and the proceeds thereof, to secure the performance by each Member of the Obligated Group under the Master Indenture. "*Gross Receivables*" means all accounts, chattel paper, instruments, and payment intangibles; excluding, however, any of the foregoing in which a security interest cannot be granted under applicable law, and excluding any grant, gift, bequest, contribution or other donation specifically restricted to an object or purpose inconsistent with their use for payment of Required Payments.

On and after the Effective Date, the Members of the Obligated Group will not grant a security interest in any property other than the Gross Receivables. Under the Amended and Restated Master Indenture, the Members are not granting a security interest in any property other than the Gross Receivables and the proceeds thereof. Specifically, if and when the Amended and Restated Master Indenture becomes effective, the Members of the Obligated Group will not grant a security interest in any deposit account or other account in which collections of Gross Receivables may be deposited and the Deposit Account Control Agreement related to the Gross Revenues Fund will be terminated. As a result, the Master Trustee will have a security interest in collections of Gross Receivables only if such collections are identifiable and can be proven to be collections of Gross Receivables. In addition, there are Gross Receivables, possibly including Gross Receivables owing from federal, state, or other governmental entities, in which the Members of the Obligated Group cannot validly grant a security interest, and the Master Trustee (and thus the Bond Trustee and the holders of the Bonds) will have not have a security interest in such Gross Receivables. If the Master Trustee does not have a security interest in specific property, the rights of the Master Trustee (and thus the Bond Trustee and the holders of the Bonds) with respect to such property will be only those of an unsecured creditor.

The security interest in Gross Receivables described above will be perfected solely by the filing and maintenance of UCC financing statements. The Members of the Obligated Group will not enter into any deposit account control agreements. As a result, the Master Trustee (and thus the Bond Trustee and the holders of the Bonds) will have a perfected security interest only in Gross Receivables in which a security interest can be perfected by the filing of a UCC financing statement. Thus, there may be Gross Receivables in which the Master Trustee (and thus the Bond Trustee and the holders of the Bonds) does not have a perfected security interest. If the Master Trustee's security interest is not perfected in certain Gross Receivables, other creditors or transferees of the Members may be able to obtain an interest in such Gross Receivables that has priority over the security interest of the Master Trustee (and thus the Bond Trustee and

the holders of the Bonds). Even if the lien of the Master Indenture is perfected when the Bonds are issued, the lien could become unperfected if the applicable UCC financing statements are not properly maintained.

Even if the lien of the Amended and Restated Master Indenture is perfected in Gross Receivables, the lien may not be of first priority. The security interest in Gross Receivables may be subordinated to the interests and claims of others in several circumstances (for example, statutory liens, liens in favor of the United States or an agency thereof, and equitable liens imposed by courts). In addition, a Member of the Obligated Group may have deliberately or inadvertently granted a lien on Gross Receivables prior to granting a security interest under the Amended and Restated Master Indenture. There are a number of different types of creditors and transferees who can take priority over the Master Trustee with respect to proceeds of Gross Receivables. If the interest, claim, or security interest of another person or entity has priority over the lien of the Amended and Restated Master Indenture, the Master Trustee (and thus the Bond Trustee and the holder of the related Series 2021 Obligation) will generally be able to assert rights to the applicable Gross Receivables only after the other person or entity has been paid in full.

Gross Receivables subject to the lien of the Master Indenture may be sold or pledged if such sale or pledge is in accordance with the provisions of the Master Indenture. The lien created under the Master Indenture on Gross Receivables sold pursuant to the Master Indenture would terminate and be immediately released upon any such sale.

With respect to receivables and revenues not subject to the security interest, or where such security interest was unenforceable, the Master Trustee would have the rights of an unsecured creditor.

Additional Indebtedness and Liens. Subject to certain requirements set forth in the Master Indenture, Members of the Obligated Group may incur additional Indebtedness and other obligations under certain circumstances, which may, but need not, be secured by additional Obligations under the Master Indenture. See "SUMMARY OF MASTER INDENTURE OF TRUST, SUPPLEMENT NO. 12 AND SUPPLEMENT NO. 13 — Particular Covenants of the Members — Limitation on Indebtedness" in APPENDIX C-1 hereto and Section 3.10 — "Limitation on Additional Indebtedness" in APPENDIX C-4 hereto.

Members of the Obligated Group may not create, assume or suffer to exist any Lien upon their Property, except Permitted Liens. Permitted Liens include Liens (a) on accounts receivable securing Indebtedness in an amount not exceeding 20% of the Obligated Group's net accounts receivables and (b) on Property, including, without limitation, Liens on cash and securities deposited by an Obligated Group Member pursuant to a security annex or similar document to collateralize obligations of such Member under a Financial Products Agreement, *provided* that at the time of creation of such Lien the Value (calculated as provided in the Master Indenture) of all Property of the Obligated Group that is encumbered by such Liens does not exceed 20% of net Property, Plant and Equipment of the Obligated Group Members, as shown on the audited financial statements of the Obligated Group for the most recent fiscal year available at the time of creation of such Lien. A complete list of Permitted Liens under the Master Indenture is set forth in "SUMMARY OF MASTER INDENTURE OF TRUST, SUPPLEMENT NO. 12 AND SUPPLEMENT NO. 13 — Definitions of Certain Terms" in APPENDIX C-1 hereto. The Amended and Restated Master Indenture will amend the definition of Permitted Liens to include Liens (a) on the Obligated Group Members' accounts receivable securing Indebtedness in an amount not to exceed 25% of the Obligated Group Members' net accounts receivable, and (b) on Property provided that the Value of all Property encumbered by all Liens permitted as described in this clause (b) does not exceed 20% of the sum of the Value of all Property of the Obligated Group Members, calculated at the time of creation of such Lien. See Section 1.01 — "Definitions" and Section 3.04 — "Against Encumbrances" in APPENDIX C-4 hereto.

Merger, Consolidation, Sale or Conveyance. Under the Master Indenture, a Member of the Obligated Group may merge into, or consolidate with, or sell, transfer, assign or otherwise convey all or substantially all of its Property to, any Person who is not a Member of the Obligated Group upon compliance with the provisions of the Master Indenture summarized in "SUMMARY OF MASTER INDENTURE OF TRUST, SUPPLEMENT NO. 12 AND SUPPLEMENT NO. 13 — Particular Covenants of the Members — Merger, Consolidation, Sale or Conveyance" in APPENDIX C-1 hereto and Section 3.06 — "Merger, Consolidation, Sale or Conveyance" in APPENDIX C-4 hereto. This could, in certain circumstances, lead to substantial changes to the current covenant restrictions on the Obligated Group pursuant to the Master Indenture and all outstanding Obligations, including the Series 2021 Obligations, or the substitution of different security for the Bonds. The new obligor could have substantial debt outstanding that is entitled to security in addition to that provided under the Master Indenture for the benefit of the Bonds.

Financial Information. The financial information contained in APPENDIX A and APPENDIX B hereto includes, in accordance with generally accepted accounting principles, the assets, liabilities and results of operations of each Member of the Obligated Group, as well as the assets, liabilities and results of operations of entities that comprise Community Health System but are not Members of the Obligated Group (the *"Non-Obligated Affiliates"*). **ONLY THE MEMBERS OF THE OBLIGATED GROUP ARE OBLIGATED TO MAKE PAYMENTS WITH RESPECT TO THE BONDS. NONE OF THE REVENUES OR THE ASSETS OF THE NON-OBLIGATED AFFILIATES ARE PLEDGED TO THE PAYMENT OF THE BONDS OR THE SERIES 2021 OBLIGATIONS, AND NONE OF THE NON-OBLIGATED AFFILIATES HAS ANY OBLIGATION TO PROVIDE FUNDS OR SECURITY FOR PAYMENTS WITH RESPECT TO THE BONDS OR THE BONDS.** See "FINANCIAL STATEMENTS" herein and "SUMMARY OF FINANCIAL INFORMATION" in APPENDIX A hereto and the audited consolidated financial statements in APPENDIX B hereto.

The foregoing notwithstanding, the Master Indenture provides that the financial information upon which the various calculations under the Master Indenture will be based may include financial results of Non-Obligated Affiliates that constitute Immaterial Affiliates under the Master Indenture, in addition to Members of the Obligated Group. See "SUMMARY OF MASTER INDENTURE OF TRUST, SUPPLEMENT NO. 12 AND SUPPLEMENT NO. 13 — Particular Covenants of the Members — Preparation and Filing of Financial Statements, Reports and Other Information" in APPENDIX C-1 hereto and Section 3.11 — "Filing of Financial Statements, Certificate of No Default, Other Information" in APPENDIX C-4 hereto.

Other Provisions of the Master Indenture. If an Event of Default occurs, it is uncertain that the Trustee, as the holder of the Series 2021 Obligations, could obtain a remedy on behalf of the Bondholders adequate to provide full and timely payment of the Bonds. See "BONDHOLDERS' RISKS — Enforcement of Remedies May Be Limited or Delayed by Bankruptcy or Other Laws" herein.

PROPOSED AMENDED AND RESTATED MASTER INDENTURE

In connection with the issuance of the Bonds, Community Hospitals and Fresno Community Hospitals have approved the Amended and Restated Master Indenture. A form of the Amended and Restated Master Indenture is attached hereto as APPENDIX C-4. **BY THE PURCHASE OF THE BONDS ON THEIR DATE OF ISSUANCE, EACH HOLDER OF THE BONDS WILL BE DEEMED TO HAVE IRREVOCABLY CONSENTED TO THE AMENDMENT, RESTATEMENT AND REPLACEMENT OF THE MASTER INDENTURE WITH THE AMENDED AND RESTATED MASTER INDENTURE.** The Amended and Restated Master Indenture will become effective upon receipt of the consent of not less than a majority in aggregate principal amount of the Obligations then Outstanding under the Master Indenture. Upon the issuance of the Bonds and giving effect to the plan of finance (including the expected refunding and defeasance of the Series 2015A Bonds), the holders of the Bonds will constitute 54.7% of the Obligations Outstanding, and in such

case, the Obligated Group expects that the Amended and Restated Master Indenture will become effective on the date of issuance of the Bonds. See "PLAN OF FINANCE — Refunding and Defeasance of the Series 2015A Bonds" here.

For a description of the pledge of Gross Receivables pursuant to the Amended and Restated Master Indenture, see "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – The Master Indenture – *Pledge of Gross Receivables under the Amended and Restated Master Indenture*" herein. No property other than Gross Receivables is pledged pursuant to the Amended and Restated Master Indenture.

THE DEED OF TRUST

In connection with the execution and delivery of certain certificates of participation (the *"2009 Certificates"*), originally executed and delivered for the benefit of the Obligated Group, the Obligated Group delivered deeds of trust (herein referred to as the *"Deed of Trust"*) granting a lien and security interest, subject to Permitted Liens, in certain real and personal property of the Obligated Group for the benefit of the Master Trustee in order to secure the Obligated Group's obligations under the Master Indenture. The property that is subject to the Deed of Trust consists of all the Obligated Group's real property located in the County of Fresno, California (the *"County"*), together with improvements thereon and certain equipment therein, except the site of Clovis Community Medical Center and the facilities thereon and certain equipment subject to prior liens (collectively, the *"Mortgaged Properties"*).

At the time of delivery of the 2009 Certificates, the Obligated Group delivered to the Master Trustee American Land Title Association title insurance policies on the real property constituting the Mortgaged Properties in the amount of $53 million (the *"ALTA Policy"*). The ALTA Policy insures against liens and other title defects (other than exceptions stated therein, which exceptions the Obligated Group represented were all Permitted Liens), which are disclosed in public records, which public records do not disclose encroachments. Permitted Liens on the Mortgaged Properties having priority over the lien created by the Deed of Trust may reduce the amount that can be realized by the Master Trustee in the event of a foreclosure on the Mortgaged Properties. No current appraisal of the Mortgaged Properties has been obtained, and the value of the Mortgaged Properties could be substantially less than the principal amount of Obligations at any time outstanding under the Master Indenture. The Obligated Group will not obtain an endorsement with respect to the amount of the ALTA Policy to increase the amount above $53 million. Purchasers of the Bonds should not rely on title insurance as a source of recovery if the Master Trustee is unable for any reason related to the condition of title to realize value from the Mortgaged Properties when exercising remedies for an Event of Default under the Master Indenture. There may be limitations on enforceability of the Deed of Trust and on the amount of proceeds that may be realized from the exercise of such remedies. See "BONDHOLDERS' RISKS — Enforcement of Remedies May Be Limited or Delayed by Bankruptcy or Other Laws" herein.

EACH PURCHASER OF A BOND, BY PURCHASING SUCH BOND, WILL BE DEEMED TO IRREVOCABLY CONSENT TO THE RECONVEYANCE OF THE DEED OF TRUST AND THE RELEASE OF THE LIEN AND SECURITY INTEREST ON THE MORTGAGED PROPERTIES. No further consent of the Beneficial Owners of the Bonds will be required. The Deed of Trust may not be reconveyed so long as Community Hospitals of Central California Obligation No. 7 (*"Obligation No. 7"*), which secures the obligations of the Obligated Group with respect to the Series 2015A Bonds, remains outstanding or the holder of Obligation No. 7 consents to such reconveyance. In addition, the Obligated Group has received the consent of Wells Fargo, as holder of Community Hospitals of Central California Obligation No. 6 (*"Obligation No. 6"*), which secures a revolving line of credit agreement between Wells Fargo and Fresno Community Hospital, to the reconveyance of the Deed of Trust.

Upon such release of the Deed of Trust, any Outstanding Obligations issued under the Master Indenture and any Obligations to be issued under the Master Indenture, including the Series 2021 Obligations securing payments with respect to the Bonds, will not be secured by any deed of trust on the Obligated Group's real property.

BOND INSURANCE

BOND INSURANCE POLICY

Concurrently with the issuance of the Series 2021B Bonds, AGM will issue its Municipal Bond Insurance Policy for the Series 2021B Bonds (the "*Policy*"). The Policy guarantees the scheduled payment of principal of and interest on the Series 2021B Bonds when due as set forth in the form of the Policy included as an exhibit to this Official Statement. **The payment of principal of and interest on the Series 2021A Bonds will not be guaranteed under the Policy.**

The Policy is not covered by any insurance security or guaranty fund established under New York, California, Connecticut or Florida insurance law.

ASSURED GUARANTY MUNICIPAL CORP.

AGM is a New York domiciled financial guaranty insurance company and an indirect subsidiary of Assured Guaranty Ltd. ("*AGL*"), a Bermuda-based holding company whose shares are publicly traded and are listed on the New York Stock Exchange under the symbol "AGO". AGL, through its operating subsidiaries, provides credit enhancement products to the U.S. and international public finance (including infrastructure) and structured finance markets and asset management services. Neither AGL nor any of its shareholders or affiliates, other than AGM, is obligated to pay any debts of AGM or any claims under any insurance policy issued by AGM.

AGM's financial strength is rated "AA" (stable outlook) by S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("*S&P*"), "AA+" (stable outlook) by Kroll Bond Rating Agency, Inc. ("*KBRA*") and "A2" (stable outlook) by Moody's Investors Service, Inc. ("*Moody's*"). Each rating of AGM should be evaluated independently. An explanation of the significance of the above ratings may be obtained from the applicable rating agency. The above ratings are not recommendations to buy, sell or hold any security, and such ratings are subject to revision or withdrawal at any time by the rating agencies, including withdrawal initiated at the request of AGM in its sole discretion. In addition, the rating agencies may at any time change AGM's long-term rating outlooks or place such ratings on a watch list for possible downgrade in the near term. Any downward revision or withdrawal of any of the above ratings, the assignment of a negative outlook to such ratings or the placement of such ratings on a negative watch list may have an adverse effect on the market price of any security guaranteed by AGM. AGM only guarantees scheduled principal and scheduled interest payments payable by the issuer of bonds insured by AGM on the date(s) when such amounts were initially scheduled to become due and payable (subject to and in accordance with the terms of the relevant insurance policy), and does not guarantee the market price or liquidity of the securities it insures, nor does it guarantee that the ratings on such securities will not be revised or withdrawn.

Current Financial Strength Ratings

On October 20, 2021, KBRA announced it had affirmed AGM's insurance financial strength rating of "AA+" (stable outlook). AGM can give no assurance as to any further ratings action that KBRA may take.

On July 8, 2021, S&P announced it had affirmed AGM's financial strength rating of "AA" (stable outlook). AGM can give no assurance as to any further ratings action that S&P may take.

On August 13, 2019, Moody's announced it had affirmed AGM's insurance financial strength rating of "A2" (stable outlook). AGM can give no assurance as to any further ratings action that Moody's may take.

For more information regarding AGM's financial strength ratings and the risks relating thereto, see AGL's Annual Report on Form 10-K for the fiscal year ended December 31, 2020.

Capitalization of AGM

At September 30, 2021:

- The policyholders' surplus of AGM was approximately $2,910 million.
- The contingency reserve of AGM was approximately $963 million.
- The net unearned premium reserves and net deferred ceding commission income of AGM and its subsidiaries (as described below) were approximately $2,124 million. Such amount includes (i) 100% of the net unearned premium reserve and deferred ceding commission income of AGM, and (ii) the net unearned premium reserves and net deferred ceding commissions of AGM's wholly owned subsidiaries Assured Guaranty UK Limited ("*AGUK*") and Assured Guaranty (Europe) SA ("*AGE*").

The policyholders' surplus of AGM and the contingency reserves, net unearned premium reserves and deferred ceding commission income of AGM were determined in accordance with statutory accounting principles. The net unearned premium reserves and net deferred ceding commissions of AGUK and AGE were determined in accordance with accounting principles generally accepted in the United States of America.

Incorporation of Certain Documents by Reference

Portions of the following documents filed by AGL with the Securities and Exchange Commission (the "*SEC*") that relate to AGM are incorporated by reference into this Official Statement and shall be deemed to be a part hereof:

(i) the Annual Report on Form 10-K for the fiscal year ended December 31, 2020 (filed by AGL with the SEC on February 26, 2021);

(ii) the Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2021 (filed by AGL with the SEC on May 7, 2021);

(iii) the Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2021 (filed by AGL with the SEC on August 6, 2021); and

(iv) the Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2021 (filed by AGL with the SEC on November 5, 2021).

All information relating to AGM included in, or as exhibits to, documents filed by AGL with the SEC pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, excluding Current Reports or portions thereof "furnished" under Item 2.02 or Item 7.01 of Form 8-K, after the filing of the last document referred to above and before the termination of the offering of the Series 2021B Bonds shall be deemed incorporated by reference into this Official Statement and to be a part hereof from the respective dates of filing such documents. Copies of materials incorporated by reference are available over the internet at the SEC's website at http://www.sec.gov, at AGL's website at http://www.assuredguaranty.com, or will be provided upon request to Assured Guaranty Municipal Corp.: 1633 Broadway, New York, New York 10019, Attention: Communications Department (telephone (212) 974-0100). Except for the information referred to above, no information available on or through AGL's website shall be deemed to be part of or incorporated in this Official Statement.

Any information regarding AGM included herein under the caption "BOND INSURANCE — Assured Guaranty Municipal Corp." or included in a document incorporated by reference herein (collectively, the "*AGM Information*") shall be modified or superseded to the extent that any subsequently included AGM Information (either directly or through incorporation by reference) modifies or supersedes such previously included AGM Information. Any AGM Information so modified or superseded shall not constitute a part of this Official Statement, except as so modified or superseded.

Miscellaneous Matters

AGM makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, AGM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding AGM supplied by AGM and presented under the heading "BOND INSURANCE" herein.

PLAN OF FINANCE

The proceeds of the Bonds, together with other available funds, are expected to be used to (i) finance the Project, (ii) refund all of the Series 2015A Bonds, and (iii) pay costs of issuing the Bonds, including to pay the premium for the Policy insuring payment, when due, of amounts due on the Series 2021B Bonds.

THE PROJECT

The proceeds of the Series 2021A Bonds will be used to finance the costs of the Project and reimburse the Borrowers for costs previously incurred in connection with the Project. See "THE PROJECT AND CAPITAL EXPANSION PROGRAM — The Project" in APPENDIX A hereto.

REFUNDING AND DEFEASANCE OF THE SERIES 2015A BONDS

A portion of the proceeds of the Series 2021B Bonds will be applied to refund and prepay the Series 2015A Bonds as described below.

The Series 2015A Bonds were executed and delivered for the benefit of the Obligated Group in the aggregate principal amount of $120,260,000, of which $116,150,000 are currently outstanding. A portion of the proceeds of the Series 2021B Bonds, together with funds currently held by the trustee for the Series 2015A Bonds and equity of the Obligated Group, will be used to prepay all of the outstanding Series 2015A Bonds (the *"Defeased Series 2015A Bonds"*). Such funds will be irrevocably deposited in an escrow fund established pursuant to an Escrow Agreement, dated as of December 16, 2021 (the *"Series 2015A Escrow Agreement"*), between the Members of the Obligated Group and The Bank of New York Mellon Trust Company, N.A., as trustee and as escrow agent for the Defeased Series 2015A Bonds. The funds deposited in the escrow fund for the Defeased Series 2015A Bonds (the *"2015A Escrow Fund"*) will be sufficient to pay the principal components of and interest with respect to the Defeased Series 2015A Bonds on and prior to their prepayment on February 1, 2025, and to prepay all of the Defeased Series 2015A Bonds at a prepayment price equal to the outstanding aggregate principal amount of Defeased Series 2015A Bonds on such prepayment date plus accrued interest to the date of their prepayment. Upon such irrevocable deposit, the Defeased Series 2015A Bonds will be deemed paid and no longer outstanding. The funds deposited in the 2015A Escrow Fund will not be available to make payments on the Bonds. The deposit of moneys into the 2015A Escrow Fund will constitute an irrevocable deposit for the benefit of the holders of the Defeased Series 2015A Bonds.

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ESTIMATED SOURCES AND USES OF BOND PROCEEDS

The proceeds from the sale of the Bonds are expected to be applied as follows:

Sources of funds:	SERIES 2021A BONDS	SERIES 2021B BONDS	TOTAL
Principal amount of Bonds	$301,500,000	$137,270,000	$438,770,000
Original issue premium	48,504,938	--	48,504,938
Funds held by trustee for the Series 2015A Bonds	--	83	83
Total Sources	$350,004,938	$137,270,083	$487,275,021
Uses of funds:			
The Project[(1)]	$350,004,938	--	$350,004,938
Prepayment of the Series 2015A Bonds	--	$131,714,650	131,714,650
Costs of issuance[(2)]	--	5,555,434	5,555,434
Total Uses	$350,004,938	$137,270,083	$487,275,021

Includes de minimis rounding adjustments.

(1) Includes reimbursement to the Members of the Obligated Group for certain previously incurred costs of the Project. For additional information, see "THE PROJECT AND CAPITAL EXPANSION PROGRAM — The Project" in APPENDIX A hereto.

(2) Includes but is not limited to legal, printing, rating agency, accounting, Authority, Master Trustee and Trustee fees, Escrow Agent fees, Underwriter's discount and the premium for the Policy relating to the Series 2021B Bonds.

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ESTIMATED ANNUAL DEBT SERVICE REQUIREMENTS

The following table sets forth, for each fiscal year ending August 31, the amounts required to be made available for the payment of principal due on the Bonds at maturity or upon mandatory sinking fund redemption, for the payment of interest on the Bonds and for the total debt service on the Bonds. The following table also shows the debt service requirements on other long-term obligations that are expected to be outstanding upon the issuance of the Bonds, assuming the application of the proceeds thereof to prepay all outstanding Series 2015A Bonds. See "PLAN OF FINANCE" herein.

Fiscal Year Ending August 31	Principal of Series 2021A Bonds	Interest on Series 2021A Bonds	Principal of Series 2021B Bonds	Interest on Series 2021B Bonds	Debt Service on Other Long-Term Obligations[1]	Total Debt Service
2022	--	$7,422,125	$5,275,000	$2,401,070	$29,157,152	$44,255,347
2023	--	11,875,400	3,790,000	3,816,535	28,483,885	47,965,820
2024	$90,000	11,873,150	3,835,000	3,772,909	27,613,914	47,184,973
2025	2,105,000	11,818,275	3,890,000	3,714,428	25,656,007	47,183,710
2026	2,285,000	11,708,525	3,960,000	3,645,117	25,586,461	47,185,103
2027	2,410,000	11,591,150	4,040,000	3,565,850	25,579,364	47,186,364
2028	2,575,000	11,466,525	4,120,000	3,477,244	25,546,219	47,184,988
2029	2,705,000	11,334,525	4,225,000	3,381,100	25,540,250	47,185,875
2030	2,860,000	11,195,400	4,325,000	3,276,923	25,527,750	47,185,073
2031	3,000,000	11,048,900	4,435,000	3,163,615	25,536,000	47,183,515
2032	3,150,000	10,895,150	4,565,000	3,041,588	25,533,250	47,184,988
2033	3,310,000	10,733,650	4,695,000	2,901,570	25,542,875	47,183,095
2034	3,485,000	10,563,775	4,855,000	2,744,950	25,533,375	47,182,100
2035	3,660,000	10,385,150	5,020,000	2,583,000	25,538,125	47,186,275
2036	3,830,000	10,217,050	5,185,000	2,415,638	25,535,125	47,182,813
2037	3,985,000	10,060,750	5,360,000	2,242,700	25,537,500	47,185,950
2038	4,145,000	9,898,150	5,540,000	2,063,940	25,539,325	47,186,415
2039	4,320,000	9,728,850	5,720,000	1,879,276	25,536,925	47,185,051
2040	9,045,000	9,461,550	12,015,000	1,588,422	15,072,175	47,182,147
2041	9,420,000	9,092,250	6,505,000	1,284,694	20,883,000	47,184,944
2042	9,760,000	8,757,450	6,720,000	1,067,804	20,881,550	47,186,804
2043	9,850,000	8,463,300	6,945,000	843,698	21,083,750	47,185,748
2044	9,860,000	8,167,650	7,175,000	612,130	21,372,250	47,187,030
2045	10,160,000	7,867,350	7,415,000	372,854	21,369,750	47,184,954
2046	10,465,000	7,557,975	7,660,000	125,624	21,375,875	47,184,474
2047	10,590,000	7,189,200	--	--	29,407,250	47,186,450
2048	41,030,000	6,156,800	--	--	--	47,186,800
2049	42,700,000	4,482,200	--	--	--	47,182,200
2050	44,445,000	2,739,300	--	--	--	47,184,300
2051	46,260,000	925,200	--	--	--	47,185,200
TOTAL	$301,500,000	$274,676,725	$137,270,000	$59,982,680	$639,969,101	$1,413,398,506

Includes de minimis rounding adjustments.

(1) Includes debt service requirements on all debt secured by an Obligation issued under the Master Indenture, consisting of the California Municipal Finance Authority Revenue Bonds (Community Medical Centers) Series 2017A, and all other notes and finance leases.

BONDHOLDERS' RISKS

The business of the Obligated Group is subject to a number of risks and uncertainties, many of which are beyond its control. Such risks may cause actual operating results or financial performance to be materially different from expectations, thereby affecting payments to be made with respect to the Bonds. The following briefly describes certain risks that could affect payments with respect to the Bonds. This discussion of risk factors is not, and is not intended to be, exhaustive. Prospective purchasers of the Bonds should analyze carefully the information contained in the entirety of this Official Statement, including the Appendices hereto, and additional information in the form of the complete documents summarized herein, copies of which are available as described in this Official Statement.

All or any of the following risks could be exacerbated by the COVID-19 pandemic discussed below.

REALIZATION OF REVENUES SUFFICIENT TO PAY DEBT SERVICE IS NOT GUARANTEED

The Bonds do not constitute a debt, liability or obligation of the Authority, the State, or any political subdivision thereof and are not payable in any manner from taxation. The Bonds are special limited obligations of the Authority, payable solely from amounts received by the Authority pursuant to the related Loan Agreement, amounts paid by the Obligated Group pursuant to the Master Indenture, and amounts realized with respect to the Deed of Trust. None of the provisions of the Loan Agreements, Master Indenture or the Deed of Trust provide any assurance that the obligations of the Members of the Obligated Group will be paid as and when due if Members of the Obligated Group become unable to pay their debts as they come due or Members of the Obligated Group otherwise become insolvent. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS" herein for more information.

The Obligated Group's ability to realize revenues sufficient to pay outstanding obligations, including debt service when due on the Bonds, is affected by and subject to many conditions that may change in the future to an extent and with effects that cannot be determined. The Obligated Group's receipt of future revenues is subject to, among other factors: (1) federal and state laws and regulations, particularly those targeting the health care industry, (2) the policies of third-party payors, including governmental payors (*e.g.,* Medicare and Medicaid) and commercial payors, (3) relationships with third-party payors, including the Obligated Group's ability to maintain favorable third-party payor contracts, (4) future economic conditions, including as impacted by the Novel Coronavirus 2019 ("*COVID-19*") pandemic, (5) the duration and scope of the COVID-19 pandemic and governmental, business, and public responses to such pandemic, (6) health care reform efforts, including any laws that significantly alter the health care delivery system or insurance markets, (7) increased competition from other health care providers, and (8) the capability of management of the Obligated Group (*"Management"*). There is no assurance that the Obligated Group's future revenues will be sufficient to pay debt service on the Bonds when due.

Payment of scheduled principal and interest on the Series 2021B Bonds, when due, is also secured by the Policy. The Policy does not insure the liquidity or market value of the Series 2021B Bonds. A change in the rating or claims paying ability of the Insurer could affect the market value or liquidity of the Series 2021B Bonds. See "BOND INSURANCE" herein.

FUTURE LEGISLATION COULD ADVERSELY AFFECT OPERATION, FINANCIAL CONDITION OR TAX-EXEMPT STATUS

Legislation is periodically introduced in the U.S. Congress and in the California legislature that could adversely affect the operations or financial condition of the Obligated Group. In addition to legislative proposals specifically discussed herein, examples of legislative proposals that could have an adverse effect on the Members of the Obligated Group if they were to become law include: (1) laws limiting hospital revenues, reimbursement, costs or charges, (2) laws requiring an increase in the quantity of indigent care required to maintain federal or state tax-exempt status, (3) any changes in the taxation of nonprofit corporations or in the scope of their exemption from income or property taxes, (4) limitations on the amount or availability of tax-exempt financing for corporations described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the "*Code*"), (5) limitations on the Obligated Group's ability to undertake capital projects or develop new services, (6) elimination of the exclusion of interest on tax-exempt bonds from gross income for all or some taxpayers, or (7) laws subjecting all or a portion of an Obligated Group Member's income to federal or state income taxes or other tax penalties. The scope and effect of future legislation cannot be predicted but may adversely affect the Obligated Group's operation, financial condition or tax-exempt status.

TAX TREATMENT OF THE SERIES 2021A BONDS COULD BE ADVERSELY AFFECTED BY FAILURE TO COMPLY WITH LEGAL REQUIREMENTS OR FUTURE LEGISLATION.

As described hereinafter under the caption "TAX MATTERS," failure to comply with certain continuing legal requirements may cause interest on the Series 2021A Bonds to become subject to federal income taxation retroactive to the date of issuance of the Series 2021A Bonds. The Series 2021A Indenture does not provide for the payment of any additional interest or penalty in the event of the taxability of interest on the Series 2021A Bonds.

Although the Internal Revenue Service (*"IRS"*) has only infrequently taxed the interest received by holders of bonds that were represented to be tax-exempt, the IRS has examined a number of bond issues and concluded that such bond issues did not comply with applicable provisions of the Code and related regulations. The IRS has typically entered into closing agreements with issuers and beneficiaries of such bond issues under which potentially substantial payments have been made to the IRS to settle the issue of whether the interest on such bond issues could be treated as tax-exempt. No assurance can be given that the IRS will not examine a Bondholder, the Obligated Group or the Series 2021A Bonds. If such an examination were to occur, it could have an adverse impact on the marketability and price of the Series 2021A Bonds and could lead to claims by the IRS for payment of substantial amounts by the Obligated Group to resolve any issue.

Legislative proposals to eliminate or limit the benefit of tax-exempt interest on bonds such as the Series 2021A Bonds have been made in the past, may currently be under consideration, and may be made again in the future. If adopted, any such proposal could alter the federal and/or state tax treatment described under the heading "TAX MATTERS" or could adversely affect the market value or marketability of the Series 2021A Bonds and the financial condition of the Obligated Group. In addition, the adoption of any such legislation could increase the cost to the Obligated Group of financing future capital needs.

COVID-19 PANDEMIC HAS CAUSED ECONOMIC TURMOIL AND COULD FURTHER NEGATIVELY IMPACT FINANCIAL CONDITION

The Obligated Group's business and financial results may be harmed by an international, national or localized outbreak of highly contagious or epidemic disease. The current COVID-19 pandemic is having numerous and varied medical, economic, and social impacts, any and all of which may adversely affect the Obligated Group's business and financial results.

Operational Disruption. The COVID-19 pandemic could materially adversely affect the Obligated Group's business operations, financial condition and financial performance.

During the pandemic in response to orders and guidance of national, state, and local public health officials, health care providers cancelled or delayed appointments and procedures from time to time to anticipate or accommodate surges in COVID-19 patient volumes, adversely affecting revenues and expenses of health care providers. Restrictions on elective or other procedures may be re-introduced in the event of surges in COVID-19 infection rates that threaten system capacity. Business disruptions could include temporary closures of the health care facilities, the facilities of suppliers and manufacturers, and a reduction in the business hours of health care facilities. In addition, health care providers could be required to provide significant amounts of uncompensated care. Changes in operations may result in additional costs being incurred related to adjustments to the use of facilities and to staffing, including overtime wages, wages paid to employees who are unable to work due to quarantine, and utilization of more expensive contract staff to provide care. Compliance with vaccination mandates may increase operating costs or the ability to recruit and retain employees. Failure to comply with vaccination mandates may result in exclusion from the Medicare or Medicaid programs.

Economic and Market Disruption. The COVID-19 pandemic has affected, and is expected to continue to affect state, national, and global economies. Additionally, it has resulted in volatility in the United States and global financial markets, and at times, significant realized and unrealized losses in investment portfolios. Financial results, generally, and liquidity, in particular, may be materially diminished. Access to capital markets may be hindered and costs of borrowing may increase as a result.

Governmental Relief. A variety of federal efforts have been initiated in response to the economic disruption caused by the COVID-19 pandemic. On March 13, 2020 President Trump declared a "national emergency" under both the Robert T. Stafford Disaster Relief and Emergency Assistance Act of 1988, which allowed access to disaster relief funds to address the COVID-19 pandemic and related economic dislocation, and the National Emergencies Act, which allowed the U.S. Department of Health and Human Services (*"DHHS"*) to waive certain guidelines related to federal health care programs, including Medicare and Medicaid, to address the COVID-19 pandemic. The U.S. Congress followed by passing a series of federal relief packages to address the COVID-19 crisis, including (1) the Coronavirus Preparedness and Response Supplemental Appropriations Act of 2020 ("*CPRSAA*"), (2) the Families First Coronavirus Response Act ("*FFA*"), (3) the Coronavirus Aid, Relief, and Economic Security Act (*"CARES Act"*), (4) Paycheck Protection Program and Health Care Enhancement Act (*"Enhancement Act"*), (5) the COVID-19 response and relief portions of the Consolidated Appropriations Act, 2021 ("*2021 Appropriations Act*"), and (6) the American Rescue Plan Act ("*American Rescue Plan"* and together with collectively, the CPRSAA, FFA, CARES Act, Enhancement Act and 2021 Appropriations Act the "*COVID-19 Relief Acts*"). The COVID-19 Relief Acts were largely designed to help fund COVID-19 testing, tracing, and treatment and to provide economic relief and other support for individuals and businesses, including hospitals and other health care providers. COVID-19 Relief Acts measures that may alleviate some of the financial strain on hospitals and other health care providers include, among others:

(1) a $178 billion "Public Health and Social Services Emergency Fund" to reimburse eligible health care providers for "health care related expenses or lost revenues that are attributable to coronavirus" (*"Provider Relief Fund"*), (2) an increase in the Federal Medicaid Assistance Percentage for state Medicaid programs, and (3) various other Medicare and Medicaid policy changes that, among other things, temporarily enhance Medicare and Medicaid reimbursement or provide for additional flexibility in patient care during the COVID-19 emergency period. The timing, adequacy and other ultimate effects of the COVID-19 Relief Acts, or other federal or state stimulus relief programs on the Obligated Group, or the economy generally, cannot be predicted at this time. Although the federal government may consider future COVID-19 emergency response and relief legislation, the content and passage of any such legislation is uncertain. See "MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL PERFORMANCE — Impact of the COVID-19 Pandemic" in APPENDIX A hereto for a discussion of COVID-19 relief obtained by the Obligated Group to date.

The acceptance of funds from certain COVID-19 stimulus programs, including the Provider Relief Fund, is conditioned on eligibility and the acceptance of terms and conditions, and may be subject to other guidelines or requirements that may change from time to time. Additional guidance or clarifications concerning COVID-19 stimulus programs, including reporting, recordkeeping and repayment requirements, may be announced from time to time. Failure to comply with such guidelines or requirements could result in recoupment, False Claims Act liability, or other penalty or sanction.

Recognition of Provider Relief Funds. All Provider Relief Fund recipients must attest to the Provider Relief Fund "Terms and Conditions", which among other things, require providers to maintain documentation to substantiate that Provider Relief Funds were used for health care-related expenses or lost revenues attributable to COVID-19, and that those expenses or losses were not reimbursed from other sources and other sources were not obligated to reimburse them. Payments in excess of health care related expenses or lost revenue attributable to COVID-19 must be repaid. DHHS has reserved the right to audit Provider Relief Fund recipients to ensure that this requirement is met and collect any Provider Relief Fund amounts that were made in error or exceed lost revenue or increased expenses due to COVID-19. Failure to comply with the Provider Relief Fund Terms and Conditions may be grounds for recoupment or other penalties or sanctions.

DHHS has issued frequently asked questions guidance and reporting requirements regarding the use of Provider Relief Fund distributions ("*PRF Reporting Instructions*"). The PRF Reporting Instructions direct health care providers receiving more than $10,000 in Provider Relief Fund payments to provide expenditure reports relating to their Provider Relief Fund payments to the Health Resources and Services Administration ("*HRSA*"). Such PRF Reporting Instructions have been revised or superseded several times and DHHS may release revised or additional Provider Relief Fund requirements or PRF Reporting Instructions in the future. Any future change to the formula for calculating lost revenues set forth in the PRF Reporting Instructions could have a potentially significant impact on whether a health care provider must repay a portion of its Provider Relief Fund payments. If unable to attest to or comply with current or future Terms and Conditions, the Obligated Group's ability to retain some or all of the distributions received may be impacted. See "MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL PERFORMANCE — Impact of the COVID-19 Pandemic" in APPENDIX A hereto.

AN ECONOMIC DOWNTURN OR OTHER UNFAVORABLE ECONOMIC CONDITIONS COULD NEGATIVELY IMPACT FINANCIAL CONDITION

The U.S. economy is unpredictable. Economic downturns and other unfavorable economic conditions have previously impacted the health care industry and health care providers' business and

financial condition, and as described above, the COVID-19 pandemic has and continues to adversely impact the U.S. economy. If general economic conditions worsen as a result of the COVID-19 pandemic and/or other causes, the Obligated Group may not be able to sustain future profitability, and its liquidity and ability to repay outstanding debt, including debt service on the Bonds, may be adversely affected. Broad economic factors—such as unemployment rates or instabilities in consumer demand and consumer spending—could affect the Obligated Group's volumes and its ability to collect outstanding receivables. Other economic conditions that from time to time may adversely affect Obligated Group revenues and expenses, and consequently, its ability to make payments on the Series 2021 Obligations, include but are not limited to: (1) an inability to access financial markets on acceptable terms at a desired time, (2) significant investment portfolio losses, (3) increased business failures and consumer and business bankruptcies, (4) federal and state budget challenges resulting in reduced or delayed Medicare and Medicaid reimbursement, (5) a reduction in the demand for health care services or patient decisions to postpone or cancel elective and non-emergency health care procedures, (6) increased malpractice, casualty and other insurance expenses, (7) reduced availability or affordability of health insurance, (8) a shortage of physician, nursing, or other professional personnel, (9) a shortage of medical supplies and critical care unit beds caused by the COVID-19 pandemic or other pandemic, (10) increased operating costs, (11) a reduction in the receipt of grants and charitable contributions, (12) unfavorable demographic developments in the Obligated Group's service areas, (13) unavailability of liquidity during periods of economic stress caused by delayed reimbursement or payment, or increased costs of liquidity facilities, or (14) increased competition from other health care institutions. All or any of the foregoing conditions could be exacerbated by the COVID-19 pandemic. See "MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL PERFORMANCE — Impact of the COVID-19 Pandemic" in APPENDIX A hereto.

HEALTH CARE REFORM LAWS OR CHALLENGES TO THE AFFORDABLE CARE ACT COULD NEGATIVELY IMPACT FINANCIAL CONDITION

The Patient Protection and Affordable Care Act, as amended by the Health Care and Education Reconciliation Act of 2010 (the *"Affordable Care Act"* or *"ACA"*), has significantly changed, and continues to change, how health care services are covered, delivered, and financed in the United States. The primary goal of the ACA—extending health coverage to millions of uninsured legal U.S. residents—has taken place through a combination of private sector health insurance reforms and Medicaid program expansion. To fund Medicaid expansion, the ACA includes a broad array of quality improvement programs, cost-efficiency incentives, and enhanced fraud and abuse enforcement measures, each designed to generate savings within the Medicare and Medicaid programs. Additionally, the ACA created health insurance exchanges—competitive markets for individuals and small employers to purchase health insurance—and financial programs designed to encourage insurance companies to offer plans on the health insurance exchanges.

Due to the controversial nature of health care reform generally, implementation of the ACA has been, and remains, politically controversial. Since its enactment, the ACA has faced a stream of opposition from Republican lawmakers calling for its repeal and/or replacement, along with a string of lawsuits challenging various aspects of the law. To date, the ACA has survived three major Supreme Court challenges and no bills wholly repealing the ACA have passed both chambers of Congress. However, a tax reform bill passed in late 2017 (the *"Tax Cuts and Jobs Act of 2017"*) effectively eliminated a key provision of the ACA – a tax penalty associated with failing to maintain health coverage (the "*Individual Mandate Tax Penalty*") by reducing the penalty to zero dollars effective 2019. New legal or legislative challenges to the ACA may occur in the future.

In addition to actual and possible legislative changes or legal challenges, executive branch actions and policies could impact the viability of the ACA. President Biden has taken, and is expected to continue to undertake, executive actions that will strengthen and build on the ACA and may reverse certain policies of the prior administration that are seen as undermining the ACA.

Management cannot predict the likelihood of any future ACA repeal bills or other health care reform bills becoming law, or the subsequent effects of any such legislative actions, legal decisions, or current or future executive actions, though such effects could materially impact the Obligated Group's business or financial condition. In particular, any legal, legislative or executive action that (1) reduces federal health care program spending, (2) increases the number of individuals without health insurance, (3) reduces the number of people seeking health care, or (4) otherwise significantly alters the health care delivery system or insurance markets could have a material adverse effect on the Obligated Group's business or financial condition.

OBLIGATED GROUP IS DEPENDENT UPON THIRD PARTY PAYOR REIMBURSEMENT AND COULD BE ADVERSELY AFFECTED BY REIMBURSEMENT REDUCTIONS, DELAYS, OR FAILURE TO NEGOTIATE FAVORABLE CONTRACTS

Medicare and Medicaid Reimbursement. Generally, the Medicare program is the federally funded government health insurance program for individuals over 65 regardless of income and individuals with permanent disabilities or with end-stage renal disease. The Medicaid program (known as Medi-Cal in California) is the joint federal and state health insurance program that, together with the Children's Health Insurance Program ("*CHIP*"), provides health coverage to certain low-income individuals and children and individuals with disabilities. The Obligated Group is highly dependent on the receipt of reimbursement from the Medicare and Medicaid programs and could be adversely affected by changes to federal or state policy or funding relating to these programs. See "SUMMARY OF FINANCIAL INFORMATION — Summary of Operating Results — Sources of Net Revenue" in APPENDIX A hereto.

Government health care programs may make payments to the Obligated Group in amounts that do not reflect the direct and indirect costs to the Obligated Group in providing services to patients. Health care providers have been and continue to be affected significantly by changes made in the last several years to federal and state health care laws and regulations, particularly those pertaining to Medicare and Medicaid. The purpose of much of this statutory and regulatory activity has been to reduce the rate of increase in health care costs, particularly costs paid under the Medicare and Medicaid programs. In addition to ongoing and future payment reform measures resulting from the ACA and other health care reform efforts, the Medicare and Medicaid programs are subject to: (1) other statutory and regulatory changes, administrative rulings, interpretations and determinations concerning patient eligibility requirements, funding levels, and the method of calculating payments or reimbursement rates, (2) requirements for utilization review, and (3) federal and state funding restrictions and challenges, including as exacerbated by the COVID-19 pandemic. Any of these factors could materially decrease payments from these government programs in the future, as well as affect the cost of providing services to patients and the timing of reimbursement. Any resulting material adverse effect to the Obligated Group's business or financial condition could be exacerbated if Management is not able to effectively manage operating costs.

Children's Health Insurance Program. CHIP is a joint federal and state program that provides health coverage to uninsured children in families with incomes too high to qualify for Medicaid, but too low to afford private coverage. The DHHS Centers for Medicare & Medicaid services ("*CMS*") administers CHIP, but each state creates its own program based upon minimum federal guidelines. Each state must periodically submit its CHIP plan to CMS for review to determine if it meets federal requirements. If a

state does not meet the federal requirements it can lose its federal funding for the program. From time to time the federal government may seek to expand or contract the CHIP program. Federal legislation has extended CHIP funding and authorization through federal fiscal year 2027. When any CHIP funding or authorization expires there can be no assurance that such funding or authorization will be reestablished at either a state or federal level, or that professional facility reimbursement rates will not subsequently be amended in an effort to manage costs. If CHIP is not extended or if it is extended with reduced funding, the financial condition and financial performance of children's health care providers could be materially affected.

Federal and State Budget Challenges. The effect of future government health care funding or federal deficit policy changes on the Obligated Group's business or financial condition is unpredictable. If reimbursement rates paid by governmental payors are reduced or if the scope of services covered by governmental payors is limited, there could be a material adverse effect on the Obligated Group's business or financial condition. Past federal legislation and policy aimed at federal deficit reduction have resulted in across-the-board federal program spending reductions, including yearly reductions in Medicare reimbursement rates. Congress could act to extend, increase, pause, or repeal Medicare and Medicaid spending reductions in the future.

The federal government is subject to a debt "ceiling" established by Congress. In the past several years, political disputes concerning authorization of a federal debt ceiling increase have led to shutdowns of substantial portions of the federal government and other federal budget authorization delays have occurred. Federal budget delays and federal government shutdowns are unpredictable and may occur in the future. Failure by Congress to increase the federal debt ceiling, federal budget authorization delays, federal government shutdowns, or other political challenges may cause Medicare or Medicaid reimbursements to be further reduced or paid late, which effects may have a material adverse effect on the Obligated Group's business or financial condition.

Many states face budgetary challenges that have resulted, and likely will continue to result, in reduced Medicaid funding levels to hospitals and other health care providers. Because most states are required to operate with balanced budgets, and the Medicaid program is generally a significant portion of a state's budget, states can be expected to adopt or consider adopting future legislation designed to reduce or freeze Medicaid expenditures. In addition, some states delay issuing Medicaid payments to providers to manage state expenditures. Continuing pressure on state budgets (including as caused or exacerbated by the COVID-19 pandemic), state budget authorization delays, and other factors could result in future reductions to Medicaid payments, payment delays or additional taxes on hospitals. In addition, Executive branch efforts or Congressional proposals to cap the federal share of Medicaid expenditures or "block grant" the Medicaid program would further shift rising cost risk to the states, exacerbating state budget challenges, and potentially resulting in decreased payments to providers or a reduction in the services covered by Medicaid. Either effect may have a material adverse effect on a provider's business or financial condition.

Conditions of Participation. CMS develops certain health and safety standards known as Conditions of Participation and Conditions for Coverage (collectively, "*Conditions of Participation*") that health care facilities must meet in order to begin and continue participating in the Medicare and Medicaid programs. CMS is responsible for ensuring that health care facilities meet these regulatory Conditions of Participation. Facilities accredited by CMS-approved accrediting organizations, such as The Joint Commission, are deemed to meet the Conditions of Participation. Failure to maintain accreditation or to otherwise comply with the Conditions of Participation could materially adversely affect the financial condition of the Obligated Group.

Medicare and Medicaid Audits. Providers that participate in the federal health care programs, such as Medicare and Medicaid, are subject from time to time to audits and other investigations relating to various aspects of their operations and billing practices, as well as to retroactive audit adjustments with respect to reimbursements claimed under these programs. Medicare and Medicaid regulations also provide for withholding reimbursement payments in certain circumstances. New billing rules and reporting requirements for which there is no clear guidance from federal or state agencies could result in claims submissions being considered inaccurate. The penalties for violations may include an obligation to refund money to the Medicare or Medicaid program, payment of criminal or civil fines and, for serious or repeated violations, exclusion from participation in federal health programs.

Disproportionate Share Hospital Payments. Medicare and Medicaid provide additional payments to hospitals that serve a disproportionate share of certain low-income and uninsured individuals. The Obligated Group has qualified for disproportionate share hospital (*"DSH"*) payments in the past, but there can be no assurance that it will qualify for DSH status in the future. While the ACA would have substantially reduced Medicare and Medicaid payments to disproportionate share hospitals, the 2021 Appropriations Act delayed cuts to Medicaid disproportionate share hospital payments that were scheduled to go into effect through fiscal year 2023, and added cuts for fiscal years 2024 through 2027. There can be no assurance that payments to disproportionate share hospitals will not be further decreased or eliminated. Loss or reduction of funding for the DSH program could adversely affect the Obligated Group.

Additionally, CMC is allocated certain funds available from a pool of State of California funds for disproportionate share hospital services under both SB855 and the California Private Hospital Supplemental Fund ("*Private Hospital Supplemental Fund*") based on an annual determination of eligibility. SB855 funds and funds from California Private Hospital Supplemental Fund are intended to provide additional funding to hospitals that provide services to a disproportionate share of Medi Cal and low income patients. If the Private Hospital Supplemental Fund, SB855, or any other supplemental reimbursement mechanisms or programs are discontinued, or are continued but with reduced funding, the financial condition of the Obligated Group could be materially affected. See "SUMMARY OF FINANCIAL INFORMATION — Summary of Operating Results — Sources of Net Revenue — *Supplemental Funding — Medi-Cal*" in APPENDIX A hereto for amounts received from these programs.

Medical Education Payments. Medicare currently pays for a portion of direct and indirect graduate medical education costs at hospitals that have teaching programs. These payments are vulnerable to reduction or elimination. The direct and indirect medical education reimbursement programs have repeatedly emerged as targets in the legislative efforts to reduce the federal budget deficit. There can be no assurance that medical education payments will remain at current levels or that amounts received will be sufficient to cover costs associated with medical education programs.

340B Drug Pricing Program. Hospitals that participate in the prescription drug discount program established under Section 340B of the federal Public Health Service Act (the *"340B Program"*) are able to purchase certain outpatient drugs for patients at a reduced cost. Manufacturers must offer 340B discounts to covered entities to have their drugs covered under Medicaid. Effective January 1, 2018, CMS imposed large cuts on such discounts. Such cuts are currently being challenged in federal court and proceeding through the appellate process and the U.S. Supreme Court has agreed to hear the case. The final result of such lawsuit cannot be predicted. Congressional and administrative efforts have also been made, seeking to tighten 340B Program eligibility requirements and reduce the scope of the program. Future legal, legislative or administrative changes to the 340B Program which result in a loss of 340B eligibility, or further decreases in 340B Program drug discounts, could have a material adverse effect on the Obligated Group. In addition, the rules and regulations applicable to participation in the 340B Program are technical,

complex, numerous and may not fully be understood or implemented by billing or reporting personnel. Failure to comply with the 340B Program requirements or rules could result in exclusion from the 340B Program thus significantly increasing costs for drugs as well as creating a repayment obligation, which in either case could have a material adverse effect on the operations or financial condition of the Obligated Group.

Medi-Cal. The California Department of Health Care Services ("*DHCS*") administers Medi-Cal and other related programs such as Private Hospital Supplemental Fund discussed above. Inpatient services rendered to Medi Cal program beneficiaries are reimbursed primarily at prospectively determined rates per diagnosis. From time to time, DHCS or the California legislature may change policies relating to Medicaid eligibility, services, and reimbursement. Any reductions in eligibility, covered services, or reimbursement rates could have a material adverse effect on the operations or financial condition of the Obligated Group. Examples of state health care reimbursement policies and programs that may affect Medicaid reimbursement are described below:

State Medicaid Managed Care Programs. Certain states, including California, have transitioned all or a portion of their state Medicaid programs to Medicaid managed care programs. Medicaid managed care provides for the delivery of Medicaid health benefits and additional services through contracted arrangements between state Medicaid agencies and managed care organizations that accept a set per member per month (capitation payment) payment for these services. Providers serving Medicaid managed care beneficiaries may be reimbursed at a rate which does not adequately reflect the cost of care provided and may experience increased administrative burdens.

State Medicaid Waivers. California has previously entered into, and may in the future enter into, one or more *"State Medicaid Waivers"* with the federal government. A State Medicaid Waiver is a request that the federal government waive certain Medicaid program requirements so that the state can test new ways to deliver or pay for care in its Medicaid program. Management cannot predict whether California will apply for any new State Medicaid Waivers in the future, whether its existing State Medicaid Waivers will be allowed to expire, or whether either event will materially adversely affect the business or financial condition of the Obligated Group.

California Hospital Fee Program. In 2009, the California Legislature first enacted the Medi-Cal Hospital Provider Rate Stabilization Act and the Quality Assurance Fee Act, which imposed a "quality assurance fee" on California's general acute care hospitals, except for public hospitals and certain exempt hospitals. The Medi-Cal quality assurance fee is an assessment that raises funds from hospitals for the State of California general fund; it is essentially a tax on hospitals to raise funds for provider payments. The proceeds are used to earn federal matching funds for Medi-Cal and to increase Medi-Cal payments to hospitals. Under this program (the "*California Hospital Fee Program*"), some California hospitals receive more funding in increased Medi-Cal payments than the quality assurance fees paid, while other California hospitals receive less money in Medi-Cal payments than the fees paid. The California Medi-Cal Hospital Reimbursement Initiative, or Proposition 52, which passed in November 2016, extended the California Hospital Fee Program indefinitely and put protections in place to prevent diversion of funds from the program. The Obligated Group has received a net gain overall from California Hospital Fee Program. If the California Hospital Fee Program or any other supplemental reimbursement mechanisms or programs are discontinued, or are continued but with reduced funding, the financial condition and financial performance of health care providers receiving a net gain from such programs could be materially affected. See "SUMMARY OF FINANCIAL INFORMATION — Summary of Operating Results — Sources of Net Revenue — *Hospital Fee Program*" in APPENDIX A hereto.

Managed Care Plans and Other Commercial Payors. The Obligated Group also derives a large percentage of its revenue from commercial third-party payors. See "SUMMARY OF FINANCIAL INFORMATION — Summary of Operating Results — Sources of Net Revenue" in APPENDIX A hereto. Accordingly, the Obligated Group's ability to negotiate and renew contracts on competitive terms with commercial insurers significantly affects the Obligated Group's revenues and operating results. The Obligated Group's business or financial condition could be adversely affected if (1) it is unable to enter into and maintain commercial insurance contracts, including managed care contracts, on acceptable terms, (2) if it experiences material reductions in the contracted rates from commercial insurers, or (3) if it has difficulty collecting from commercial payors. Additionally, commercial third-party payors are increasingly attempting to control health care costs through increased utilization reviews, greater enrollment in managed care programs, such as HMOs and PPOs, and directly contracting with hospitals to provide services on a discounted basis. The trend toward consolidation among private managed care payors tends to increase their bargaining power over prices and fee structures. Other health care providers, including some with greater financial resources, greater geographic coverage or a wider range of services, may compete with the Obligated Group for opportunities with commercial insurers. For example, competitors may negotiate exclusivity provisions with certain managed care plans or otherwise restrict the ability of managed care companies to contract with Obligated Group providers. There can be no assurance that the Obligated Group will be able to continue to attract commercial third-party payors, or that it will be able to contract with such payors on advantageous terms.

LOSS OF ACCREDITATION, LICENSURE OR OTHER APPROVAL MAY NEGATIVELY AFFECT OPERATIONS OR FINANCIAL CONDITION

General. The Obligated Group's medical facilities are subject to periodic review by licensing, accrediting, and/or credentialing organizations to determine compliance with various legal, regulatory, professional and private licensing, certification, accreditation standards or requirements. These standards or requirements include but are not limited to the requirements of state licensing agencies, CMS, CMS-approved accrediting organizations (e.g. The Joint Commission), and private payors. Renewal and continuance of certain of these licenses, certifications, and accreditations are based on inspections, surveys, audits, investigations or other reviews, some of which may require or include affirmative action or response by the Members of the Obligated Group. Loss of accreditation or licensure could impair the ability of the Obligated Group to operate all or a portion of its health care facilities and have a material adverse impact on the Obligated Group's business or financial condition. See "FACILITIES, SERVICES & OPERATIONS — Accreditations, Memberships and Licenses" in APPENDIX A hereto.

Seismic Safety Act Compliance. In California, seismic safety standards mandated under the California Seismic Safety Act may require that hospital facilities be substantially modified, replaced or closed. Nearly all hospitals in California are affected. Estimated construction costs are substantial and actual costs of compliance may exceed estimates. The statutory deadlines for seismic safety standard compliance depend on each hospital building's structural performance category. Failure to comply with the California Seismic Safety Act requirements by the statutory deadlines could have a material adverse impact on the Obligated Group's business or financial condition. For information concerning the status of the Obligated Group's seismic compliance, see "CONFORMANCE WITH SB1953 SEISMIC STANDARDS" in APPENDIX A hereto.

FAILURE TO COMPLY WITH COMPLEX AND EVOLVING HEALTH CARE REGULATIONS COULD RESULT IN SUBSTANTIAL LIABILITIES OR PENALTIES

General. Health care businesses are subject to complex and extensive federal, state and local regulation relating to, among other things, licensure, contractual arrangements, conduct of operations, privacy of patient information, ownership of facilities, physician relationships, addition of facilities and services and reimbursement rates for services. Under these laws, individuals and organizations can be penalized for a wide variety of conduct, including submitting claims for services that are not provided, that are billed in a manner other than as actually provided, that are not medically necessary, that are provided by an improper person or accompanied by an illegal inducement to utilize or refrain from utilizing a service or product, or that are billed in a manner that does not otherwise comply with applicable legal requirements. The laws governing fraud and abuse apply to all individuals and health care enterprises with which a health system does business, including other hospitals, home health agencies, long term care entities, infusion and pharmaceutical providers, insurers, health maintenance organizations, preferred provider organizations, third-party administrators, physicians, physician groups, and physician practice management companies. The laws, rules and regulations are often evolving, and in many cases, the industry has little or no regulatory or judicial interpretation for guidance. Additionally, both federal and state government agencies continue to pursue heightened and coordinated civil and criminal enforcement efforts against perceived violations of health care laws. In the current regulatory climate, it is anticipated that many hospitals and physician groups may be subject to an audit, investigation or other enforcement action regarding a potential health care fraud laws violation.

As discussed in more detail below, violations may result in the imposition of severe consequences, including exclusion of the provider from participation in the Medicare and Medicaid programs, criminal fines, civil monetary penalties, payment suspension pending fraud allegations, and in the case of individuals, imprisonment. The cost of defending such an action, the time and management attention consumed, and the facts of a case may dictate settlement. Regardless of the merits of a particular case, a health care provider could experience materially adverse settlement costs, as well as materially adverse costs associated with implementation of any settlement agreement or corporate integrity agreement. Prolonged and publicized investigations could also damage the reputation and business of a health care provider, regardless of outcome.

The Obligated Group maintains health care compliance policies and procedures aimed at complying with health care regulations and Management conducts the Obligated Group's operations and enters into business arrangements in a manner that it believes is materially compliant with existing health care laws and regulations. Nevertheless, governmental entities responsible for enforcing these laws and regulations may take the position that the Obligated Group is in violation of these laws. In addition, because health care regulations are particularly complex, such regulations may be interpreted and enforced in a manner that is inconsistent with Management's interpretation. The Obligated Group's business or financial condition could be harmed if a member is alleged to have violated existing health care regulations or fails to comply with new or changed health care regulations. Furthermore, because the health care industry is one of the largest industries in the United States, it continues to attract much legislative interest and public attention. Further changes in the health care regulatory framework increasing burdens on health care providers could have a material adverse effect on the Obligated Group's business or financial condition.

Certain key health care regulations are briefly discussed below:

Civil Monetary Penalties Law. The federal Civil Monetary Penalties Law authorizes civil monetary penalties for a variety of health care fraud violations (such as Anti-Kickback Statute, Stark Law, FCA or

EMTALA violations, each discussed below). Different amounts of penalties and assessments may be authorized based on the type of violation, and the amounts are adjusted yearly for inflation. Civil monetary penalties also may include an assessment of up to three times the amount claimed for each item or service, or up to three times the amount of remuneration offered, paid, solicited or received. Actions subject to penalties include: (1) presenting fraudulent claims, (2) presenting claims for which a provider knows Medicare will not pay, (3) "gainsharing" arrangements which induce providers to limit or reduce medically necessary services, (4) providing benefits to Medicare or Medicaid beneficiaries that a provider knows or should know are likely to induce the beneficiaries to choose the provider for their care, and (5) violating the Anti-Kickback Statute or the Stark Law. Health care providers may be found liable under the Civil Monetary Penalties Law even when they did not have actual knowledge of the action being improper; knowingly undertaking the action is sufficient. The imposition of civil money penalties on a health care provider could have a material adverse impact on the provider's financial condition.

Anti-Kickback Statute. The federal Anti-Kickback Statute is a felony criminal law that prohibits the knowing and willful payment of "remuneration" to induce or reward patient referrals or the generation of business involving any item or service payable by the federal health care programs (*e.g.,* drugs, supplies, or health care services for Medicare or Medicaid patients). Actual knowledge and specific intent to violate the statute are not required. Remuneration includes anything of value and can take many forms besides cash (*e.g.,* free rent, free hotel stays and meals, and excessive compensation for medical directorships or consultancies). The Anti-Kickback Statute applies to both the payors of kickbacks (those who offer or pay remuneration) as well as the recipients of kickbacks (those who solicit or receive remuneration). Anti-Kickback "safe harbors" described in federal regulations protect certain payment and business arrangements that could otherwise implicate the Anti-Kickback Statute from criminal and civil prosecution (*e.g.,* personal services and rental agreements, investments in ambulatory surgical centers, and payments to bona fide employees), but in order to be protected by a safe harbor, an arrangement must squarely meet each safe harbor element. Failure to squarely meet all the required elements of a safe harbor does not necessarily render the conduct or business arrangement illegal under the Anti-Kickback Statute. Rather, such conduct or business arrangement may be subject to increased regulatory scrutiny. Criminal penalties, civil monetary penalties and administrative sanctions for violating the Anti-Kickback Statute include substantial fines per kickback plus monetary penalties up to three times the amount of damages sustained by the government, jail terms, and exclusion from participation in the federal health care programs. In addition, under the ACA, submission of a claim for services or items generated in violation of the Anti-Kickback Statute constitutes a false or fraudulent claim subject to additional penalties under the federal False Claims Act (discussed below).

In addition to the federal Anti-Kickback Statute, many states, including California, have anti-kickback and/or fee-splitting statutes designed to prohibit inducements or improper remuneration for the referral of patients. In some cases, state statutes are broader or carry larger fines than corresponding federal law. Any sanctions imposed as a result of an Anti-Kickback Statute or similar state law violation could have a material adverse effect on the Obligated Group's business or financial condition.

Stark Law. The federal Physician Self-Referral Law (commonly known as the Stark Law) prohibits a physician from referring Medicare or Medicaid patients for certain "designated health services" (including inpatient and outpatient hospital services, clinical laboratory services, and radiation and other imaging services) to entities with which the referring physician has a direct or indirect financial relationship unless an exception applies. It also prohibits a hospital furnishing the designated services from billing Medicare, or any other payor or individual, for services performed pursuant to a prohibited referral. The government does not need to prove that the entity knew that the referral was prohibited to establish a Stark violation. If certain substantive and technical requirements are not met, many ordinary business practices and

economically desirable arrangements between hospitals and physicians will likely constitute "financial relationships" within the meaning of the Stark statute, thus triggering the prohibition on referrals and billing. Most providers of "designated health services" with physician relationships have some exposure to potential liability under the Stark statute.

Medicare may deny payment for all services related to a prohibited referral, and a hospital that has billed for prohibited services is obligated to notify and refund the amounts collected from the Medicare program. For example, if an office lease between a hospital and a large group of heart surgeons is found to violate Stark, the hospital could be obligated to repay CMS for the payments received from Medicare for all of the heart surgeries performed by all of the physicians in the group for the duration of the lease; a potentially significant amount. The government may also seek substantial civil monetary penalties, and in some cases, a hospital may be liable for fines up to three times the amount of any monetary penalty, and be excluded from the Medicare and Medicaid programs. Potential repayments to CMS, settlements, fines or exclusion for a Stark violation or alleged violation could have a material adverse impact on a hospital.

Many states, including California, have adopted self-referral prohibitions similar to the Stark Law, some of which may be broader in scope and carry larger fines than the federal statute. Any sanctions imposed as a result of a Stark Law or similar state law violation could have a material adverse effect on the Obligated Group's business or financial condition.

False Claims Act and Whistleblower Lawsuits. The federal False Claims Act (*"FCA"*) prohibits knowingly submitting a false or fraudulent claim to the federal government (*e.g.,* the Medicare or Medicaid programs) for reimbursement. Because the term "knowingly" is defined broadly under the law to include not only actual knowledge but also deliberate ignorance or reckless disregard of the facts, the FCA can be used to punish a wide range of conduct. Accordingly, FCA investigations and cases have become common in the health care industry and may cover a range of activity from intentionally inflated billings to highly technical billing infractions, to allegations of unnecessary or inadequate care. Additionally, a claim connected to a Stark Law or Anti-Kickback Statute violation may be deemed a false claim in violation of the FCA. The ACA further expanded the reach of the FCA to include, among other things, failure to report and return known overpayments within statutory limits. Filing false claims in violation of the FCA can result in civil fines, substantial per-claim penalties and monetary penalties up to three times the amount of damages sustained by government (*e.g.,* the amount falsely billed to the Medicare or Medicaid program), which could have a material adverse impact on a hospital. Additionally, violation or alleged violation of the FCA can result in payment suspension pending investigation, the imposition of corporate integrity agreements, or exclusion from Medicare and Medicaid.

The *qui tam* or "whistleblower" provisions of the FCA allow a private individual to bring an FCA action on behalf of the government. As part of the resolution of a *qui tam* case, the whistleblower may share in a portion of any FCA settlement or judgment. *Qui tam* actions can also be filed under certain state false claims laws if the fraud involves Medicaid funds or funding from state and local agencies. In recent years, there has been a large increase in the number of FCA *qui tam* actions. Because *qui tam* lawsuits are kept under seal while the federal government evaluates whether the United States will join the lawsuit, it is difficult to determine whether any such actions are pending.

The Deficit Reduction Act provides financial incentives to states that pass similar false claims statutes or amend existing false claims statutes that track the FCA more closely with regard to penalties and rewards to *qui tam* relators. A number of states, including California, have passed similar false claims statutes, some of which expand the prohibition against false claims submitted to non-government third-party payors. No assurance can be given that an FCA action will not be filed and a violation found.

Any sanctions imposed as a result of an FCA or state false claims law violation could have a material adverse effect on the Obligated Group's business or financial condition.

HIPAA and State Privacy Laws. The Health Insurance Portability and Accountability Act, as amended by the Health Information Technology for Economic and Clinical Health Act and as it may further be amended from time to time, and its implementing regulations (collectively, "*HIPAA*") provide data privacy and security requirements for safeguarding medical information. HIPAA, which applies to health plans, health care clearinghouses, and health care providers who electronically transmit any information in connection with standard health care transactions, includes both (1) a "privacy rule," which sets forth national standards for the protection of individually identifiable protected health information (*"PHI"*), and (2) a "security rule," which sets forth national standards for protecting the confidentiality, integrity, and availability of electronic PHI. Failure to comply with HIPAA can result in both criminal and civil fines and penalties. Mandatory breach notification and reporting requirements increase the risk of government enforcement as well as class action lawsuits, especially if large numbers of individuals are affected by a breach. Additionally, states may have privacy or consumer protection laws that are broader than HIPAA and, unlike HIPAA, authorize a private right of action. For example, the California Consumer Privacy Act, which went into effect on January 1, 2020 implements significant new privacy requirements, including additional notice requirements, increased consumer disclosures, and the right for consumers to opt-out of data sharing, and provides for monetary damages in data breach cases. Any sanctions imposed as a result of a HIPAA or state privacy law violation could have a material adverse effect on the Obligated Group's business or financial condition.

Health care providers are increasingly analyzing or partnering or contracting with others to analyze health care "Big Data," i.e., datasets of such volume or breadth that cannot be analyzed using ordinary database software tools. In particular, large hospitals may analyze health care Big Data for operational purposes such as to measure value based performance. Hospitals may also enter into research collaborations with technology companies to analyze health care Big Data for research purposes. Although HIPAA permits the use and disclosure of individually identifiable health information held by covered entities for operational or research purposes, both the covered entity and its business associate must comply with stringent privacy and security requirements which, if not met, can lead to significant exposure both with respect to the government and civil litigants. For example, to share individually identifiable health information with a research partner, a hospital may choose to de-identify such information which would be a permissible use or disclosure under HIPAA. However, the failure to properly de-identify could result in significant financial exposure particularly due to the volume of patients affected. The Obligated Group Members may use or share health care Big Data for operational and research purposes and due to the complexity of HIPAA's requirements, non-compliance in this context in the future could result in a material adverse impact.

EMTALA. The federal Emergency Medical Treatment and Active Labor Act (*"EMTALA"*) requires that hospitals and other facilities with emergency departments provide "appropriate medical screening" to patients who come to the emergency department to determine if an emergency medical condition exists regardless of a patient's ability to pay. If an emergency medical condition exists, the facility must stabilize the patient within its capabilities and only transfer the patient once stabilized. Failure to comply with EMTALA may result in the imposition of civil monetary penalties or a hospital's exclusion from the Medicare and/or Medicaid programs. EMTALA and its implementing regulations are complex, and a hospital's compliance is dependent, in part, upon the volition of medical staff members. Over the last few years, the federal government has increased its enforcement of EMTALA. Any failure of a Member of the Obligated Group to meet its responsibilities under EMTALA could have a material adverse effect on the Obligated Group's business or financial condition.

Clinical Research Laws. In addition to increasing enforcement of laws governing payment and reimbursement, the federal government has also increased enforcement of laws and regulations governing the conduct of clinical trials at hospitals. The DHHS Food and Drug Administration (*"FDA"*) has authority over the conduct of clinical trials performed in hospitals when these trials are conducted on behalf of sponsors seeking FDA approval to market the drug or device that is the subject of the research. The FDA's inspection of facilities has increased significantly in recent years. Moreover, the DHHS Office of Inspector General in its recent "Work Plans" has included several enforcement initiatives related to reimbursement for experimental drugs and devices (including kickback concerns). These agencies' enforcement powers range from substantial fines and penalties to exclusions of researchers and suspension or termination of entire research programs.

Price Transparency Rule. On January 1, 2021, the CMS Price Transparency Rule went into effect, requiring hospitals to publish gross charges, discounted cash prices, payor-specific negotiated charges, and minimum and maximum negotiated charges for all items and services provided by the hospital. Hospitals are also required to publish a consumer-friendly list of standard charges for at least 300 shoppable services—generally, non-emergency services that patients can schedule in advance. Failure to comply with these requirements may result in daily monetary penalties to the hospital. The Price Transparency Rule could result in further legislative or regulatory action to restrain hospital rates or charges. Additionally, the availability of competitively sensitive rate information among hospitals, insurers, and employer sponsors of group health plans could lead to market distortions and possible anti-competitive effects that could impact hospital rates and revenue. The publication of hospital standard charges, including negotiated charges, could also result in changes to patient choice that may negatively impact the Obligated Group. Accordingly, compliance with the CMS Price Transparency Rule could have a material adverse effect upon the future financial condition and operations of the Obligated Group.

Surprise Billing. The 2021 Appropriations Act included legislation designed to address surprise medical bills that patients may incur as a result of receiving services from an out-of-network provider at an in-network facility or having to receive emergency medical care at an out-of-network facility (the "*No Surprises Act*"). Effective January 1, 2022, patients will be protected from surprise medical bills that could arise from out-of-network emergency care, certain ancillary services provided by out-of-network providers at in-network facilities, and for out-of-network care provided at in-network facilities without the patient's informed consent. Patients will be required to pay only the in-network cost-sharing amount, which will be determined through a formula established by the DHHS Secretary and will count toward the patient's health plan deductible and out-of-pocket cost-sharing limits. Providers will not be permitted to balance bill patients beyond this cost-sharing amount. Both providers and health plans will be required to inform patients about these protections. Violations could result in state enforcement action or substantial federal civil monetary penalties. Although surprise billing laws are important for protecting patients, they can reduce the bargaining power of hospitals with payers and ultimately have a negative impact on hospitals. The ultimate effect of the No Surprises Act on the Obligated Group's operations and financial condition cannot be predicted at this time.

FAILURE TO COMPLY WITH OTHER GOVERNMENTAL LAWS AND REGULATIONS COULD RESULT IN SUBSTANTIAL FINES OR PENALTIES

In addition to laws and regulations specific to the health care industry, as discussed above, the Obligated Group Members are subject to a wide variety of laws and regulations in the ordinary course of business. Violation of these laws or regulations could result in various penalties, demands, or substantial defense costs, any of which could have a material adverse effect on the Obligated Group's business or financial condition. Some of these laws are briefly described below.

Environmental/Occupational Health and Safety Laws. Typical health care facility operations include the handling, use, storage, transportation, disposal and/or discharge of hazardous, infectious, toxic, radioactive, flammable and other hazardous materials, wastes, pollutants and contaminants. As such, health care facility operations are particularly susceptible to the practical, financial and legal risks associated with compliance with environmental and occupational health and safety laws and regulations. The Occupational Safety and Health Commission ("*OSHA*") implemented an Emergency Temporary Standard ("*ETS*") for COVID-19 that applies to health care providers with certain limited exceptions. Most recently, President Biden announced a COVID-19 Action Plan that, among other things, will require employers with one hundred or more employees to require their employees to get the COVID-19 vaccine or undergo weekly testing pursuant to a new OSHA ETS. In addition, OSHA announced that it would be focusing its inspection and enforcement efforts on industries with higher COVID-19 risk, such as health care facilities and assisted living facilities. Compliance with environmental and occupational health and safety laws, including any ETS, may increase operating costs or affect the Obligated Group's ability to recruit and retain employees. Further, environmental and occupational health and safety risks may result in (1) damage to individuals, property or the environment, (2) the interruption of operations and/or increased costs, (3) legal liability, damages, injunctions, citations, or fines, and (4) investigations, administrative proceedings, civil litigation, criminal prosecution, penalties or other governmental agency actions. Such actions may not be covered by insurance. There is no assurance that the Obligated Group will not encounter such problems in the future and such problems may result in material adverse consequences to the Obligated Group's business or financial condition.

Antitrust Laws. Enforcement of the antitrust laws against health care providers is becoming more common and antitrust liability may arise in a wide variety of circumstances, including medical staff privilege disputes, third-party contracting, physician relations and joint venture, merger, affiliation and acquisition activities. The Federal Trade Commission has publicly acknowledged increasing enforcement action in the areas of hospital and physician combinations, and enforcement in the health care sector continues to be active. Additionally, in 2012, the California Attorney General began a sweeping investigation into health system payor contracting in California, which resulted in a health system settling an antitrust lawsuit for $575 million in 2019. The most common areas for potential liability are joint activities among providers with respect to payor contracting, medical staff credentialing, hospital and physician mergers and acquisitions, and allegations of exclusion of competitors from market opportunities. From time to time, an Obligated Group Member may be involved in joint contracting activity or affiliation discussions with other hospitals or providers. Violation of the antitrust laws can result in criminal and civil enforcement by federal and state agencies and large financial damages. At various times, a Member of the Obligated Group may be subject to an investigation by a governmental agency charged with the enforcement of the antitrust laws or may be subject to administrative or judicial action by a federal or state agency or a private party. Liability may be substantial, depending on the facts and circumstances of each case and may have a material adverse impact on the Obligated Group. See also "VARIOUS EMPLOYER-RELATED RISKS COULD ADVERSELY AFFECT OPERATIONS AND FINANCIAL CONDITION—Medical Staff Disputes," below.

Professional Liability Lawsuits and Other Claims. Professional liability and other actions alleging wrongful conduct and seeking punitive damages are often filed against hospitals and other health care providers. Litigation also arises from the corporate and business activities of hospitals, from a hospital's status as an employer, as a result of medical staff or provider network peer review, or the denial of medical staff or provider network privileges. Professional and general liability insurance does not cover all claims and is subject to policy limitations. If the aggregate limit of any of the Obligated Group's professional and general liability policies is exhausted, in whole or in part, it could deplete or reduce the limits available to pay any other material claims applicable to that policy period. Any losses not covered by or in excess of

the amounts maintained under insurance policies will be funded from the Obligated Group's working capital. Furthermore, there is no assurance that hospitals will be able to maintain the coverage amounts currently in place in the future, that the coverage will be sufficient to cover malpractice judgments rendered against a hospital or that such coverage will be available at a reasonable cost in the future. Additionally, one or more of the Obligated Group's insurance carriers could become insolvent and unable to fulfill obligations to defend, pay or reimburse the Obligated Group when those obligations become due. In that case, or if payments of claims exceed Management's estimates, or are not covered by the Obligated Group's insurance, it could have a material adverse effect on the Obligated Group's business or financial condition.

INDUSTRY TREND TOWARDS CLINICALLY INTEGRATED DELIVERY SYSTEMS AND ALTERNATIVE PAYMENT MODELS CARRIES REGULATORY RISKS AND MAY NEGATIVELY AFFECT REVENUES

Health facilities and health care systems often own, control or have affiliations with physician groups and independent practice associations. Generally, the sponsoring health care facility or health care system is the primary capital and funding source for the alliances and may have an ongoing financial commitment to provide growth capital and support operating deficits. As separate operating units, integrated physician practices and medical foundations sometimes operate at a loss and require subsidy from the related hospital or health system.

These types of alliances are likely to become increasingly important to the success of hospitals in the future as a result of changes to the health care delivery and reimbursement systems that are intended to restrain the rate of increases of health care costs, encourage coordinated care, promote collective provider accountability and improve clinical outcomes. The ACA authorizes several alternative payment programs for Medicare that promotes, reward or necessitate integration among hospitals, physicians and other providers.

Whether these programs will achieve their objectives and be expanded or mandated as conditions of Medicare participation cannot be predicted. However, Congress and CMS have clearly emphasized continuing the trend away from the fee-for-service reimbursement model, which began in the 1980s with the introduction of the prospective payment system for inpatient care, and toward an episode-based payment model that rewards use of evidence-based protocols, quality and satisfaction in patient outcomes, efficiency in using resources, and the ability to measure and report clinical performance. This shift is likely to favor integrated delivery systems, which may be better able than stand-alone providers to realize efficiencies, coordinate services across the continuum of patient care, track performance and monitor and control patient outcomes. Changes to the reimbursement methods and payment requirements of Medicare, which is the dominant purchaser of medical services, are likely to prompt equivalent changes in the commercial sector, because commercial payors frequently follow Medicare's lead in adopting payment policies.

While payment trends may stimulate the growth of integrated delivery systems, these systems carry with them the potential for legal or regulatory risks. Many of the risks discussed in "FAILURE TO COMPLY WITH COMPLEX AND EVOLVING HEALTH CARE REGULATIONS COULD RESULT IN SUBSTANTIAL LIABILITIES OR PENALTIES" above, may be heightened in an integrated delivery system. The foregoing laws were not designed to accommodate coordinated action among hospitals, physicians and other health care providers to set standards, reduce costs and share savings, among other things. Although CMS and the agencies that enforce these laws are expected to institute new regulatory exceptions, safe harbors or waivers that will enable providers to participate in payment reform programs, there can be no assurance that the regulations will be forthcoming or that any regulations or guidance issued will sufficiently clarify the scope of permissible activity. State law prohibitions, such as the bar on the corporate practice of medicine, or state law requirements, such as insurance laws regarding licensure and minimum financial reserve holdings of risk-bearing organizations, may also introduce complexity, risk and additional costs in

organizing and operating integrated delivery systems. Tax-exempt hospitals also face the risk in affiliating with for-profit entities that the IRS will determine that compensation practices or business arrangements result in private benefit or private use or generate unrelated business income for the hospitals.

In addition, integrated delivery systems present business challenges and risks. Inability to attract or retain participating physicians may negatively affect managed care, contracting and utilization. The technological and administrative infrastructure necessary both to develop and operate integrated delivery systems and to implement new payment arrangements in response to changes in Medicare and other payor reimbursement is costly. Hospitals may not achieve savings sufficient to offset the substantial costs of creating and maintaining this infrastructure.

COSTLY INFORMATION TECHNOLOGY OR MEDICAL TECHNOLOGY IMPROVEMENTS MAY BE NECESSARY TO REMAIN COMPETITIVE

The ability to adequately price and bill health care services and to accurately report financial results depends on the integrity of the data stored within information systems, as well as the operability of such systems. An ongoing commitment of significant resources is required to maintain, protect and enhance existing information systems and to develop new systems to keep pace with continuing changes in information processing technology, evolving systems and regulatory standards. There can be no assurance that efforts to upgrade and expand information systems capabilities, protect and enhance these systems, and develop new systems to keep pace with continuing changes in information processing technology will be successful or that additional systems issues will not arise in the future.

Electronic media are also increasingly being used in clinical operations, including the conversion from paper to electronic health records, computerization of order entry functions and the implementation of clinical decision-support software. The reliance on information technology ("*IT*") for these purposes imposes new expectations on physicians and other workforce members to be adept in using and managing electronic systems. It also introduces risks related to patient safety, and to the privacy, accessibility and preservation of health information. See "FAILURE TO COMPLY WITH COMPLEX AND EVOLVING HEALTH CARE REGULATIONS COULD RESULT IN SUBSTANTIAL LIABILITIES OR PENALTIES—HIPAA and State Privacy Laws" above. Technology malfunctions or failure to understand and use information systems properly could result in the dissemination of or reliance on inaccurate information, as well as in disputes with patients, physicians and other health care professionals. Health information systems may also be subject to different or higher standards or greater regulation than other IT or the paper-based systems previously used by health care providers, which may increase the cost, complexity and risks of operations. All of these risks may have adverse consequences on hospitals and health care providers.

FUTURE ACQUISITIONS, DIVESTITURES OR OTHER AFFILIATIONS COULD REQUIRE SIGNIFICANT CAPITAL EXPENDITURES AND CHANGE THE COMPOSITION OF THE OBLIGATED GROUP

The Members of the Obligated Group periodically evaluate and selectively pursue potential merger and affiliation candidates on a consistent basis as part of their overall strategic planning and development process. As a result, it is possible that the entities and assets that currently make up the Obligated Group may change from time to time, subject to provisions in the Master Indenture and other financing documents that apply to merger, sale, disposition or purchase of assets or with respect to joining or withdrawing from the Obligated Group. See "SUMMARY OF PRINCIPAL MASTER INDENTURE OF TRUST, SUPPLEMENT NO. 12 AND SUPPLEMENT NO. 13 — Particular Covenants of the Members" in APPENDIX C-1 hereto and Section 3.06 — "Merger, Consolidation, Sale or Conveyance" in APPENDIX C-4 hereto. In addition to relationships with hospitals and physicians, the Obligated Group may pursue investments, ventures, affiliations,

development and acquisitions of other health care-related entities. These may include providers of home health care, long-term care entities or operations, pharmaceutical providers and other health care enterprises that support the overall operations and mission of the Obligated Group. In addition, the Members of the Obligated Group may pursue transactions with third-party payors, third-party administrators and other health insurance-related businesses. Because of the rapid integration occurring throughout the health care industry, the Obligated Group will consider such arrangements where there is a perceived strategic or operational benefit. All such initiatives may involve significant capital commitments and/or capital or operating risk. There can be no assurance that these projects, if pursued, will not have a material adverse effect on the Obligated Group's business or financial condition.

UNANTICIPATED CATASTROPHIC EVENTS COULD ADVERSELY AFFECT OPERATIONS AND REVENUES

Public Health Emergencies. The occurrence of a public health emergency or crisis, including a global pandemic or national or localized outbreak of an infectious disease such as COVID-19, Ebola, Zika, or H1N1, may put stress on the capacity of part or all of the facilities of the Obligated Group, could require resources be diverted from one Obligated Group operation to another, or could otherwise impair the operations of part or all of the facilities of the Obligated Group. See "COVID-19 PANDEMIC HAS CAUSED ECONOMIC TURMOIL AND COULD NEGATIVELY IMPACT FINANCIAL CONDITION" above.

Cyber Attacks. The Obligated Group relies on IT systems, including EMRs, to operate its facilities and process, transmit and store sensitive and confidential data, including the PHI and personally identifiable information of its patients and employees, and proprietary and confidential business performance data. IT systems are often subject to computer viruses, cyber-attacks by hackers (such as malware or ransomware attacks), or breaches due to employee error or malfeasance. Cyber-attacks specifically targeted at health systems have been occurring more frequently, and in some recent cases, have resulted in the disruption or temporary cessation of facility operations. On October 28, 2020, HHS, the Federal Bureau of Investigation, and the Cybersecurity and Infrastructure Agency issued an alert warning of an imminent cybercrime threat to U.S. hospitals and health care providers that could result in data theft and disruption of health care services.

Any breach or cyber-attack that limits a health facility's ability to access its IT systems or otherwise compromises patient data could result in the disruption or cessation of facility operations, patient safety issues, the loss of patient records, the payment of significant ransoms, negative press, and/or the imposition of substantial fines or penalties for violation of HIPAA or similar state privacy laws (as discussed above), any of which may adversely affect a health facility's business or financial condition. **T**he Obligated Group's IT security measures may not be sufficient to prevent cyber-attacks in the future. As cybersecurity threats continue to evolve, the Obligated Group may not be able to anticipate certain attack methods in order to implement effective protective measures and may be required to expend significant additional resources to continue to modify and strengthen security measures, investigate and remediate any vulnerabilities, or invest in new technology designed to mitigate security risks. Additionally, the Obligated Group's IT systems routinely interface with and rely on third-party systems that are also subject to the risks outlined above and may not have or use appropriate controls to protect confidential information. A breach or attack affecting a third-party service provider could harm the Obligated Group's business or financial condition. Although the Obligated Group has insurance against some cyber risks and attacks, it may not be sufficient to offset the impact of a material loss event.

Facility Damage. Health care facilities are highly dependent on the condition and functionality of their physical facilities. Damage from natural or manmade disasters, severe weather, deliberate acts of destruction, terrorism, or various facility system failures may have a material adverse impact on the

Obligated Group's business or financial condition, especially if insurance is inadequate to cover resulting property and business losses. No assurance is given as to the continuation of existing insurance coverage, which, among other things, may not be available at a reasonable cost in the future. Climate change may increase the frequency or severity of extreme weather events, wildfires and other natural disasters.

Many hospitals in California, including certain Obligated Group facilities, are situated in close proximity to active earthquake faults, and at any given time, may be in or near an active wildfire zone. A significant earthquake or wildfire in the region could have a material adverse effect on the Obligated Group and could result in material damage and temporary or permanent cessation of operations at one or more of the Obligated Group's facilities. The Obligated Group does not generally carry earthquake or wildfire insurance coverage. See "RISK MANAGEMENT" in APPENDIX A hereto.

VARIOUS EMPLOYER-RELATED RISKS COULD ADVERSELY AFFECT OPERATIONS AND FINANCIAL CONDITION

Employee Relationships/Retention. The Obligated Group employs a large number and wide diversity of employees. The ability of the Members of the Obligated Group to employ and retain qualified employees, including any senior management, and their ability to maintain good relations with such employees and employee unions (if any) affect the quality of services to patients and the financial condition of the Members of the Obligated Group. The ability to maintain employees may be complicated by the COVID-19 pandemic and COVID-19 vaccination mandates imposed by employers or governmental agencies, including President Biden's COVID-19 Action Plan. The Obligated Group has followed the California Department of Public Health's "State Public Health Officer Order of August 5, 2021" mandating vaccination of workers in patient-facing settings at general acute care hospitals, among other facilities, unless validly exempted from the requirements for medical or religious reasons.

Employees subject to collective bargaining agreements may include essential nursing and technical personnel, as well as food service, maintenance and other trade personnel. Renegotiation of collective bargaining agreements upon expiration may result in significant cost increases. Employee strikes or other adverse labor actions may have an adverse impact on operations, revenue, and facility reputation. Certain Obligated Group employees are represented by labor unions. See "FACILITIES, SERVICES & OPERATIONS — Unions" in APPENDIX A hereto.

Professional Staffing Shortages. The health care industry occasionally experiences a scarcity of health care personnel, including nurses, respiratory therapists, radiation technicians, pharmacists and other trained health care technicians. A nursing shortage is currently affecting many geographic areas of the country. It is possible that the nursing shortage will grow and that other professional shortages will reappear in the future. These personnel shortages may result in increased costs and lost revenues from time to time due to the need to hire agency staffing personnel at higher rates, increased compensation levels to retain current personnel, and the inability to operate at capacity due to the staff shortage. The ability to maintain adequate staffing has been exacerbated by the COVID-19 pandemic and could be further exacerbated by COVID-19 vaccination mandates imposed by employers or governmental agencies, including President Biden's COVID-19 Action Plan. In California, regulation of nurse staffing ratios can intensify nursing personnel shortages. See "FACILITIES, SERVICES & OPERATIONS — Nurse Staffing" in APPENDIX A hereto for a discussion of the Obligated Group's current nurse staffing need.

Physician Relationships and Supply. The success of the Obligated Group's business depends in significant part on the number, quality, specialties, and admitting and scheduling practices of admitting physicians. Accordingly, it is essential to the Obligated Group's ongoing business that it attract an

appropriate number of quality physicians in the specialties required to support its services and that it maintains good relationships with those physicians. A shortage of physicians, especially in primary care, could become a significant issue for health providers in the coming years. In addition, reductions in Medicare or Medicaid reimbursement could lead to physicians relocating their practices in communities with fewer Medicare and Medicaid enrollees. The Obligated Group may be required to invest additional resources for recruiting and retaining physicians or may be required to increase the percentage of employed physicians in order to continue serving the growing population base and maintain market share.

The Members of the Obligated Group may contract with physician organizations (such as independent physician associations and physician-hospital organizations) to arrange for the provision of physician and ancillary services. Because many such physician organizations are separate legal entities with their own goals, obligations to shareholders, financial status, and personnel, there are risks involved in contracting with physician organizations.

In recruiting, retaining and otherwise contracting with physicians, the Obligated Group will be limited by rules promulgated by federal regulation. Failure to comply with IRS rules regarding appropriate physician recruitment could result in loss of tax-exempt status and failure to structure a contractual arrangement with a physician to comply with the Anti-Kickback Statute or Stark Law (as discussed above) could result in substantial fines, penalties, or exclusion from the federal health care programs. No assurance can be given that regulatory authorities will not take a contrary position or that the Members of the Obligated Group will not be found to have violated applicable law. Additionally, future laws, regulations or policies may have a material adverse impact on the ability of the Members of the Obligated Group to recruit and retain physicians.

Pension and Benefit Fund Liabilities. The Obligated Group may incur significant expenses to fund pension and benefit plans for employees and former employees and to fund required workers' compensation benefits. Funding obligations in some cases may be erratic or unanticipated and may require significant commitments of available cash needed for other purposes. In addition, to the extent investment returns are lower than anticipated or losses on investments occur, the Obligated Group may also be required to make additional deposits in connection with pension fund liabilities. See "FACILITIES, SERVICES & OPERATIONS — Pension Plan" in APPENDIX A hereto.

Wage and Hour Class Actions and Litigation. Federal law and many states, including California, impose standards related to worker classification, eligibility and payment for overtime, liability for providing rest periods and similar requirements. Large employers with complex workforces are susceptible to actual and alleged violations of these standards. In recent years, there has been a proliferation of "wage and hour" lawsuits, often in the form of large, sometimes multistate, class actions. For large employers such as hospitals and health systems, such class actions can involve multimillion-dollar claims, judgments and/or settlements. A major class action decided or settled adversely to any Obligated Group Member could have a material adverse impact on the Obligated Group's business or financial condition.

Medical Staff Disputes. The primary relationship between a hospital and physicians who practice in it is through the hospital's organized medical staff. Medical staff bylaws, rules and policies establish the criteria and procedures by which a physician may have his or her privileges or membership curtailed, denied or revoked. Physicians who are denied medical staff membership or certain clinical privileges or who have such membership or privileges curtailed or revoked often file legal actions against hospitals and medical staffs. Such actions may include a wide variety of claims, including antitrust claims, some of which could result in substantial uninsured damages to a hospital. Furthermore, from time to time, actions or decisions of hospital management may cause unrest among certain physician groups or members of the medical staff,

which could result in legal or other actions, such as resignation from the medical staff. In addition, failure of the hospital governing body to adequately oversee the conduct of its medical staff may result in hospital liability to third parties.

IRS Reclassification of Independent Contractors to Employees. Health care facilities, like all businesses, are required to withhold income taxes from amounts paid to employees. If the employer fails to withhold the tax, the employer becomes liable for payment of the tax imposed on the employee. The IRS has established criteria for determining whether a worker is an employee or an independent contractor for tax purposes. If the IRS were to reclassify a significant number of hospital independent contractors (*e.g.,* physician medical directors) as employees, back taxes and penalties could be material.

SKILLED NURSING FACILITY OPERATION CARRIES CERTAIN ADDITIONAL RISKS

In addition to risks affecting the health care industry generally, the Obligated Group's skilled nursing facility (the "*Skilled Nursing Facility*") operations are subject to various additional risk factors. Some of these factors include (1) changes in the demand for senior living care, (2) changes in the number and type of competing senior care facilities, (3) changes in reimbursement rates and federal and state laws applicable to skilled nursing facilities, (4) the limited income of seniors, and (5) difficulties in or restrictions on the Obligated Group's ability to raise rates for senior care. There can be no assurance the Obligated Group's Skilled Nursing Facility will not experience one or more of the adverse factors that caused other facilities to fail.

THE NON-PROFIT HEALTH CARE ENVIRONMENT CARRIES CERTAIN RISKS

As nonprofit tax-exempt organizations, the Members of the Obligated Group are subject to federal, state and local laws, regulations, rulings and court decisions relating to their organization and operation, including their operation for charitable purposes. At the same time, the Members of the Obligated Group conduct large-scale complex business transactions and are major employers in their respective geographic areas. There can often be a tension between the rules designed to regulate a wide range of charitable organizations and the day-to-day operations of a complex health care organization. An increasing number of the operations or practices of health care providers have been challenged or questioned to determine if they are in compliance with the regulatory requirements for nonprofit tax-exempt organizations. These challenges, in some cases, are broader than concerns about compliance with federal and state statutes and regulations, such as Medicare and Medicaid compliance, and instead, in many cases, are examinations of core business practices of the health care organizations. Areas that have come under examination have included pricing practices, billing and collection practices, charitable care, executive compensation, exemption of property from real property and sales taxation and others. These challenges and questions have come from a variety of sources, including state attorneys general, the IRS, labor unions, Congress, state legislatures, local school boards, other federal and state agencies and patients and in a variety of forums, including hearings, audits and litigation. For example, Senate and House committees have conducted several nationwide investigations of hospital billing and collection practices, including proposed reform in the area of tax-exempt organizations as a part of health care reform generally. The effect of any examinations, investigations, or challenges to the nonprofit status of health care organizations cannot be predicted. There can be no assurance that future changes in state or federal laws and regulations will not adversely affect the operations and financial condition of the Obligated Group.

Litigation Related to Billing and Collection Practices. Lawsuits have been filed in both federal and state courts alleging, among other things, that hospitals have failed to fulfill their obligations to provide charity care to uninsured patients and have overcharged uninsured patients. The cases are proceeding in

various courts around the country with inconsistent results. While it is not possible to make general predictions, some hospitals and health systems have incurred substantial costs in defending such lawsuits and in some cases have entered into substantial settlements.

Challenges to Real Property Tax-Exemptions. The real property tax exemptions afforded to certain nonprofit health care providers by state and local taxing authorities have been challenged on the grounds that the health care providers were not engaged in sufficient charitable activities. These challenges have been based on a variety of grounds, including allegations of aggressive billing and collection practices and excessive financial margins. Any investigations or audits by the State or other governmental entities could lead to challenges with regard to property tax exemption with respect to facilities of the Obligated Group which, if successful, could adversely and materially affect the property tax exemption with respect to certain of the facilities.

Charity Care/Community Benefit. Tax-exempt hospitals often treat large numbers of low-income patients who are unable to pay in full for their medical care and, because of their federal income tax-exempt status, have an obligation to maintain financial assistance policies that serve certain such patients. General economic conditions that affect the number of employed individuals who have health coverage affect the ability of patients to pay for health care. The COVID-19 pandemic and its impact on economic conditions could increase the number of uninsured and low-income patients. Similarly, changes in government policy, which may result in coverage exclusions under local, county, state and federal health care programs, may increase the frequency and severity of charity care treatment by such hospitals and other providers. It is also possible that future federal legislation could require that tax-exempt hospitals maintain minimum levels of charity care as a condition of federal income tax exemption and exemption from certain state and local taxes.

OBLIGATED GROUP FINANCINGS CARRY CERTAIN RISKS

The obligations of the Members of the Obligated Group under the Master Indenture are limited to the same extent as the obligations of debtors typically affected by bankruptcy, insolvency and the application of general principles of creditors' rights and as additionally described below. The Master Indenture permits the addition of other Members of the Obligated Group if certain conditions are met. See "SUMMARY OF MASTER INDENTURE OF TRUST, SUPPLEMENT NO. 12 AND SUPPLEMENT NO. 13 — Particular Covenants of the Members" in APPENDIX C-1 hereto and Section 3.07 — "Membership in Obligated Group" in APPENDIX C-4 hereto.

The joint and several obligations described herein of the Members of the Obligated Group to make payments of debt service on the Obligations issued pursuant to and under the Master Indenture may not be enforceable to the extent (1) enforceability may be limited by applicable bankruptcy, moratorium, reorganization, fraudulent conveyance or similar laws affecting the enforcement of creditors' rights and by general equitable principles or (2) such payments (a) are requested to be made with respect to payments on any Obligation (other than the Series 2021 Obligations) that is issued for a purpose that is not consistent with the charitable purposes of the Member of the Obligated Group from which such payment is requested or that is issued for the benefit of any entity other than a tax-exempt organization; (b) are requested to be made from any money or assets that are donor restricted or which are subject to a direct or express trust that does not permit the use of such money or assets for such payment; (c) would result in the cessation or discontinuation of any material portion of the health care or related services previously provided by the Member of the Obligated Group from which such payment is requested; or (d) are requested to be made pursuant to any loan violating applicable usury laws. The extent to which the money or assets of any present or future Member of the Obligated Group falls within the categories referred to above cannot be determined

and could be substantial. The foregoing notwithstanding, the accounts of the Members of the Obligated Group are and will continue to be combined for financial reporting purposes and will be used in determining whether various covenants and tests contained in the Master Indenture (including tests relating to the issuance of additional Indebtedness) are satisfied.

A Member of the Obligated Group may not be required to make any payment of any Obligation or portion thereof or the recipient of such payment may be compelled to return such payment, the proceeds of which were not lent or otherwise disbursed to such Member of the Obligated Group to the extent that such payment would conflict with or would be prohibited or avoidable under applicable laws.

The application of the law relating to the enforceability of guaranties or obligations of a member of an obligated group to make debt service payments on behalf of another member of the obligated group is not amenable to an unqualified declaration of whether a transfer would be prohibited or subject to avoidance.

As a general matter, in addition to a transfer of property made with the actual intent to hinder, defraud or delay creditors, a transfer of an interest in property by an entity may be avoided if the transfer is made for less than the "reasonably equivalent value" or "fair consideration" and the transferor (1) is insolvent (*e.g.,* is unable to pay its debts as they become due), (2) rendered insolvent by the transaction, (3) is undercapitalized (*i.e.,* operating or about to operate without property constituting reasonably sufficient capital given its business operations) or (4) intended or expected to incur debts that it could not pay as they became due.

The lack of certainty in the treatment of transfers is attributable to several factors. First, there is no true uniform law governing fraudulent transfers. Such transfers may be avoided under Title 11 of the United States Code (the *"Bankruptcy Code"*), state law variants of the Uniform Fraudulent Transfer Act and its predecessor, the Uniform Fraudulent Conveyance Act, or other non-uniform statutes or common law principles. Second and more importantly, the standards for determining the reasonable equivalence of value or the fairness of consideration and the measure for determining insolvency are subjective standards resolved in the exercise of judicial discretion after engaging in a fact-intensive analysis. This subjectivity has resulted in a conflicting body of case law and a lack of certainty as to whether a given transfer would be subject to avoidance.

In addition, the Bankruptcy Code provides a means to avoid transfers of a debtor's interests in property made on account of an antecedent debt within 90 days of the debtor filing for relief or one year if the transferee is an "insider," if, as a result of that transfer, the transferee receives more than it would have received in a liquidation of the debtor under Chapter 7 of the Bankruptcy Code. Whether the creation of a lien or a payment made by a Member of the Obligated Group would be determined to be avoidable would be dependent on the particular circumstances surrounding the transfer.

There exists, in addition to the foregoing, common law authority and authority under various state statutes pursuant to which courts may terminate the existence of a nonprofit corporation or undertake supervision of its affairs on various grounds, including a finding that a nonprofit corporation has insufficient assets to carry out its stated charitable purposes or has taken some action that renders it unable to carry out its purposes. Such court action may arise on the court's own motion or pursuant to a petition of the attorney general of a particular state or other persons who have interests different from those of the general public, pursuant to the common law and statutory power to enforce charitable trusts and to see to the application of their funds to their intended charitable uses.

LIMITATIONS ON MORTGAGED PROPERTY

The obligations of the Obligated Group and any future Members of the Obligated Group under the Master Indenture will be secured by the Deed of Trust, subject to Permitted Liens. The practical realization of value from the real property subject to the Deed of Trust upon any default by the Obligated Group will depend upon the exercise of various remedies specified by the Deed of Trust. Under existing law, the remedies specified in the Deed of Trust, the Master Indenture and the Loan Agreements may not be readily available or may be limited. A court could decide not to order the specific performance of the covenants contained in those documents.

The Mortgaged Property is primarily for hospital and clinical purposes and is subject to physical restrictions which severely limit the alternative uses that can be made of such property. If the Master Trustee should take possession of the Mortgaged Property pursuant to its remedies under the documents, the number of entities that could be interested in purchasing the Mortgaged Property would be limited and, as a result, the ability of the Master Trustee to lease or resell the Mortgaged Property to third parties would be limited, and the sale price or rentals might thus be adversely affected. Therefore, upon any Event of Default and foreclosure or similar remedy under the Deed of Trust, the Master Trustee may not realize an amount sufficient to pay the obligations outstanding under the Master Indenture.

The Obligated Group has obtained a title policy issued to the Master Trustee to provide confirmation of the creation of the liens on the Mortgaged Properties created by the Deed of Trust. No appraisal of the Mortgaged Properties was completed in connection with the title policy issued to the Master Trustee nor has any appraisal been completed in connection with the issuance of the Bonds. Purchasers of the Bonds should not rely on title insurance as a source of recovery in the event that the Master Trustee is unable for any reason related to the condition of the title to realize value from the Mortgaged Properties when exercising remedies for an Event of Default under the Master Indenture. The Mortgaged Properties are not comprised of general purpose buildings and would not generally be suitable for industrial or commercial use. Consequently, it would be difficult to find a buyer for the Mortgaged Properties if it were necessary to foreclose on the Mortgaged Properties. Thus, under any default, it may not be possible to realize the outstanding principal of and interest on the Bonds from a sale of the Mortgaged Properties.

EACH PURCHASER OF A BOND, BY PURCHASING SUCH BOND, WILL BE DEEMED TO IRREVOCABLY CONSENT TO THE RECONVEYANCE OF THE DEED OF TRUST AND THE RELEASE OF THE LIEN AND SECURITY INTEREST ON THE MORTGAGED PROPERTIES. No further consent of the Beneficial Owners of the Bonds will be required. The Deed of Trust may not be reconveyed so long as Obligation No. 7 remains outstanding or the holder of Obligation No. 7 consents to such reconveyance. In addition, the Obligated Group has received the consent of Wells Fargo, as holder of Obligation No. 6, which secures a revolving line of credit agreement between Wells Fargo and Fresno Community Hospital, to the reconveyance of the Deed of Trust. Upon such release of the Deed of Trust, any Outstanding Obligations issued under the Master Indenture and any Obligations to be issued under the Master Indenture will not be secured by any deed of trust on the Obligated Group's real property.

ENFORCEABILITY OF SECURITY INTEREST MAY BE LIMITED

The Obligations of the Obligated Group issued pursuant to the Master Indenture, including the Series 2021 Obligations, are general obligations of the Obligated Group. The Master Indenture will be secured by the security interest in the Gross Revenues of the Obligated Group described under the heading "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS — The Master Indenture — *Security Interest in Collateral under the Master Indenture*" herein. Upon the Effective Date of the Amended and Restated

Master Indenture, the Master Indenture will be secured by the security interest in Gross Receivables of the Obligated Group described under the heading "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS — The Master Indenture — *Pledge of Gross Receivables under the Amended and Restated Master Indenture*" herein.

The enforceability, priority and perfection of the security interest in Gross Revenues, prior to the Effective Date, and in Gross Receivables, after the Effective Date, and the ability to receive and realize on the same may be limited by a number of factors, including, without limitation: (1) provisions prohibiting the direct payment of amounts due to health care providers from Medicaid and Medicare programs to persons other than such providers; (2) the absence of an express provision permitting assignment of receivables due under the contracts between the Members of the Obligated Group and third-party payors and present or future legal prohibitions against assignment; (3) certain judicial decisions that cast doubt upon the right of the Master Trustee, in the event of the bankruptcy of a Member of the Obligated Group, to collect and retain accounts receivable from Medicare, Medicaid and other governmental programs; (4) commingling of proceeds of accounts receivable with other moneys of the Members of the Obligated Group not so pledged under the Master Indenture; (5) statutory liens; (6) rights arising in favor of the United States of America or any agency thereof; (7) constructive trusts or equitable or other rights impressed or conferred thereon by a federal or state court in the exercise of its equitable jurisdiction; (8) federal and state laws governing fraudulent transfers as discussed above; (9) federal bankruptcy laws that may affect the enforceability of the Master Indenture or the security interest in the Gross Revenues; (10) rights of third parties in Gross Revenues or Gross Receivables, as applicable, converted to cash and not in the possession of the Master Trustee; and (11) claims that might arise if appropriate financing or continuation statements or amendments of financing statements are not filed in accordance with the Uniform Commercial Code of the applicable state, as from time to time in effect.

The obligations of the Members of the Obligated Group under the Series 2021 Obligations and the Master Indenture will be limited to the same extent as the obligations of debtors are typically affected by bankruptcy, insolvency and the application of general principles of creditors' rights and as additionally described below. Although upon the issuance of the Bonds, Community Hospitals and Fresno Community Hospital will be the only Members of the Obligated Group, the Master Indenture permits the addition of other Obligated Group Members, as well as the withdrawal of Obligated Group Members, if certain conditions are met. The joint and several obligations described herein of the Members of the Obligated Group to make Required Payments on the Obligations issued pursuant to and under the Master Indenture may not be enforceable. See "— Enforceability of the Series 2021 Obligations" below.

A Member of the Obligated Group may not be required to make any payment of any Obligation, or portion thereof, or the recipient of such payment may be compelled to return such payment, the proceeds of which were not lent or otherwise disbursed to such Member to the extent that such payment would conflict with, or would not be enforceable, prohibited or avoidable under applicable laws.

The legal right and practical ability of the Authority and the Bond Trustee to enforce their rights and remedies against Community Hospitals under the Bond Indenture and the Loan Agreement, and against Community Hospitals, the other Members of the Obligated Group or any future Member of the Obligated Group under the Series 2021 Obligations, and of the Master Trustee to enforce its rights and remedies against Community Hospitals, the other Members of the Obligated Group or any future Member of the Obligated Group under the Master Indenture, will depend upon the exercise of various remedies specified by such documents, which may in many instances require judicial actions that are often subject to discretion and delay or that otherwise may not be readily available or may be limited.

Insufficiency of Assets. There exists, common law authority and authority under various state statutes pursuant to which courts may terminate the existence of a nonprofit corporation or undertake supervision of its affairs on various grounds, including a finding that the corporation has insufficient assets to carry out its stated charitable purposes or has taken some action that renders it unable to carry out its purposes. Such court action may arise on the court's own motion or pursuant to a petition of the attorney general of a particular state or other persons who have interests different from those of the general public, pursuant to the common law and statutory power to enforce charitable trusts and to see to the application of their funds to their intended charitable uses.

Bankruptcy. Should a Member of the Obligated Group become the subject of a bankruptcy case, there could be adverse effects on the holders of the Bonds that could result in delays or reductions in payments on, or other losses with respect to, the Bonds.

If a Member of the Obligated Group is in bankruptcy, the parties (including the Bond Trustee, the Master Trustee, and the holders of the Bonds) may be prohibited from taking any action to collect any amount from such Member or to enforce any obligation of such Member, unless the permission of the bankruptcy court is obtained. These restrictions may also prevent the Bond Trustee and the Master Trustee from making payments to the holders of the Bonds from funds in the possession of the Bond Trustee or the Master Trustee. A rate covenant may not be enforceable in bankruptcy by any party (including the Bond Trustee, the Master Trustee, and the holders of the Bonds).

If a Member of the Obligated Group goes into bankruptcy prior to the Effective Date, such Member may not be required to turn over to the Bond Trustee or the Master Trustee any Gross Revenues that have not already been deposited in the Gross Revenue Fund. Any Gross Revenues collected after the commencement of the bankruptcy case will likely not be subject to the lien of the Master Indenture, and such Member may not be required to deliver such Gross Revenues to the Master Trustee, regardless of the provisions of the Master Indenture.

If a Member of the Obligated Group goes into bankruptcy after the Effective Date, any Gross Receivables generated by that Member after it goes into bankruptcy will likely not be subject to the lien of the Master Indenture. If a Member is in possession of collections on Gross Receivables when it goes into bankruptcy, the Member may not be required to turn them over to the Master Trustee or the Bond Trustee.

The Bond Trustee and the Master Trustee may be required to return to any Member of the Obligated Group that is bankruptcy any Gross Revenues or Gross Receivables, as applicable, that became subject to the lien of the Master Indenture within the 90 days (or possibly one year) immediately preceding the filing of the bankruptcy petition. Payments previously made to the holders of the Bonds during the 90 days (or possibly one year) immediately preceding the filing of the bankruptcy petition may be avoided as preferential payments, so that the holders would be required to return such payments to the Member of the Obligated Group in bankruptcy.

If a Member of the Obligated Group is in bankruptcy, the obligation of such Member to make Required Payments on behalf of another Member of the Obligated Group may be unenforceable if a court determines that the Member in bankruptcy did not receive reasonably equivalent value in return for assuming the obligation to make Required Payments on behalf of the other Member and the Member in bankruptcy was insolvent at the time the Bonds were issued, at the time such Member became a Member, or at the time such Member made Required Payments on behalf of another Member. If such obligation of the Member in bankruptcy is unenforceable, then Required Payments previously made to the holders of the Bonds by such Member on behalf of another Member may be avoided as fraudulent or voidable transfers,

so that the holders would be required to return such payments to the Member of the Obligated Group in bankruptcy.

A Member of the Obligated Group that is in bankruptcy may be able to borrow additional money that is secured by a lien on any of its property (including the Gross Revenues or Gross Receivables), which lien could have priority over the lien of the Master Indenture, as long as the bankruptcy court determines that the rights of the Bond Trustee, the Master Trustee, and the holders of the Bonds will be adequately protected. Such Member may be able to cause some of the Gross Revenues or Gross Receivables, as applicable, to be released to it, free and clear of the lien of the Master Indenture, as long as the bankruptcy court determines that the rights of the Bond Trustee, the Master Trustee, and the holders of the Bonds will be adequately protected.

If a Member of the Obligated Group is in bankruptcy it may be able, without the consent and over the objection of the Bond Trustee, the Master Trustee, and the holders of the Bonds, to alter the priority, interest rate, principal amount, payment terms, collateral, maturity dates, payment sources, covenants (including tax-related covenants), and other terms or provisions of the Bonds, as long as the bankruptcy court determines that the alterations are fair and equitable.

Actions also could be taken in a bankruptcy of a Member of the Obligated Group that could adversely affect the exclusion of interest on the Bonds from gross income for federal income tax purposes.

There may be delays in payments on the Bonds while the court considers any of these issues. There may be other possible effects of a bankruptcy of a Member of the Obligated Group that could result in delays or reductions in payments on the Bonds, or result in losses to the holders of the Bonds. Regardless of any specific adverse determinations in a bankruptcy of a Member of the Obligated Group, the fact of a bankruptcy of a Member of the Obligated Group could have an adverse effect on the liquidity and value of the Bonds.

Enforceability of the Series 2021 Obligations. The joint and several obligations described herein of each Member of the Obligated Group to make Required Payments on the Series 2021 Obligations may not be enforceable under any of the following circumstances:

(i) to the extent payments on the Series 2021 Obligations are requested to be made from assets of a Member which are donor-restricted, or which are subject to a direct, express or charitable trust that does not permit the use of such assets for such payments;

(ii) if the purpose of the debt created and evidenced by the Series 2021 Obligations is not consistent with the charitable purposes of the Member from which such payment is requested or required, or if the debt was incurred or issued for the benefit of an entity other than a nonprofit corporation that is exempt from federal income taxes under Section 501(a) of the Code as a 501(c)(3) organization and is not a "private foundation" as defined in Section 509(a) of the Code;

(iii) to the extent payments on the Series 2021 Obligations would result in the cessation or discontinuation of any material portion of the health care or related services previously provided by such Member; or

(iv) if and to the extent payments are requested to be made pursuant to any loan violating applicable usury laws.

These limitations on the enforceability of the joint and several obligations of the Members of the Obligated Group on the Series 2021 Obligations also apply to their obligations on all Obligations. If the obligation of a particular Member of the Obligated Group to make payment on an Obligation is not enforceable and payment is not made on such Obligation when due in full, then Events of Default will arise under the Master Indenture.

The various legal opinions delivered concurrently with the issuance of the Bonds are qualified as to the enforceability of the various legal instruments by bankruptcy, insolvency, reorganization, receivership, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors' rights, to the application of equitable principles, and to the exercise of judicial discretion in appropriate cases.

MASTER INDENTURE PERMITS ISSUANCE OF ADDITIONAL DEBT ON PARITY WITH THE SERIES 2021 OBLIGATIONS

The value of the security interest in the Gross Revenues (and, if and when the Amended and Restated Master Indenture becomes effective, the Gross Receivables) could be diluted by the issuance of additional Obligations on a parity with the Series 2021 Obligations in accordance with the Master Indenture or incurrence of other Indebtedness by the Obligated Group in accordance with the Master Indenture. Pursuant to the terms of the Master Indenture, the Members of the Obligated Group may incur additional Indebtedness (including Indebtedness secured by the Gross Revenues (and, if and when the Amended and Restated Master Indenture becomes effective, the Gross Receivables)), letters of credit, and other third-party guarantees which are entitled to the benefits of security which does not extend to any other Indebtedness (including the Series 2021 Obligations). Such security may include Liens on the Property of the Obligated Group (including health care facilities) or any depreciation reserve, debt service or interest reserve or similar fund established for such additional Indebtedness. See the information under the caption "SUMMARY OF MASTER INDENTURE OF TRUST, SUPPLEMENT NO. 12 AND SUPPLEMENT NO. 13 — Particular Covenants of the Members — Limitation on Indebtedness" in APPENDIX C-1 hereto and Section 3.10 — "Limitation on Additional Indebtedness" in APPENDIX C-4 hereto.

CERTAIN AMENDMENTS TO PRINCIPAL DOCUMENTS MAY ADVERSELY AFFECT SECURITY FOR THE BONDS

The rights and remedies afforded to the holders of Obligations by the Master Indenture, including, without limitation, the right to demand acceleration of Obligations (including the Series 2021 Obligations) upon the occurrence of an event of default under the Master Indenture (including, without limitation, a payment default under the Series 2021 Obligations), may only be initiated by the holders of not less than a majority in aggregate principal amount of the Obligations, subject to the right of the holders of a majority in aggregate principal amount of the Obligations to direct all remedies under the Master Indenture. Upon the issuance of the Bonds, the Trustee for each series of the Bonds will be the holder of the related Series 2021 Obligation. See "SUMMARY OF MASTER INDENTURE OF TRUST, SUPPLEMENT NO. 12 AND SUPPLEMENT NO. 13 — Events of Default and Remedies" in APPENDIX C-1 hereto and Article IV — "Defaults" in APPENDIX C-4 hereto.

The Master Indenture may also be amended with the consent of the holders of not less than a majority in aggregate principal amount of the Obligations. Such amendments could be material and could result in the modification, waiver or removal of significant covenants or restrictions, and such percentage of Obligation holders may be comprised wholly or partially of related bond trustees or the holders of additional Obligations issued after the issuance of the Series 2021 Obligations. Certain amendments to the Master Indenture may also be made at the discretion of the Master Trustee but without Bondholder consent.

See "SUMMARY OF MASTER INDENTURE OF TRUST, SUPPLEMENT NO. 12 AND SUPPLEMENT NO. 13 — Supplements and Amendments" in APPENDIX C-1 hereto and Section 6.01— "Supplements Not Requiring Consent of the Holders" and Section 6.02 — "Supplements Requiring Consent of Holders" in APPENDIX C-4 hereto.

Under certain circumstances, the related Series 2021 Obligation may be surrendered by the Trustee and delivered to the Master Trustee for cancellation upon receipt by the Trustee of a replacement obligation issued under a replacement master indenture. The related Indenture does not require that the replacement master indenture contain covenants similar to the Master Indenture nor require that Obligations be secured by a security interest in Gross Revenues. See "SUMMARY OF THE SERIES 2021A INDENTURE AND SERIES 2021A LOAN AGREEMENT — Replacement of Obligation No. 12" in APPENDIX C-2 hereto, "SUMMARY OF SERIES 2021B INDENTURE AND SERIES 2021B LOAN AGREEMENT — Replacement of Obligation No. 13" in APPENDIX C-3 and Section 3.12 — "Replacement of Master Indenture Obligations" in APPENDIX C-4 hereto.

Certain amendments to the Indentures and Loan Agreements may be made in the discretion of the Trustee. Other amendments to the Indentures and the Loan Agreements may be made with the prior written consent of the holders of not less than a majority of the aggregate principal amount of the related series of Bonds.

INSURER DEEMED AS SOLE HOLDER OF THE SERIES 2021B BONDS

So long as the Series 2021B Bonds remain outstanding, the Insurer shall be deemed to be the sole holder of the Series 2021B Bonds for the purpose of exercising any voting right or privilege or giving any consent or direction or taking any other action that the holders of the Series 2021B Bonds are entitled to take under the Series 2021B Indenture. Any amendment, supplement, modification to, or waiver of, the Series 2021B Indenture, the Series 2021B Loan Agreement or the Master Indenture that requires the consent of Bondholders or adversely affects the rights and interests of the Insurer shall be subject to the prior written consent of the Insurer.

OUTSTANDING AND FUTURE VARIABLE RATE INDEBTEDNESS IS SUBJECT TO CERTAIN RISKS THAT COULD REDUCE ASSETS AVAILABLE TO PAY DEBT SERVICE ON THE BONDS

The principal amounts drawn under the Obligated Group's lines of credit bear interest at variable rates. The Obligated Group may also in the future incur indebtedness bearing interest at variable rates, the interest rates on which could rise. Variable rate demand bonds may also be issued for the benefit of the Obligated Group in the future. If such variable rate obligations are supported by liquidity agreements or remarketing agreements to provide for the payment or remarketing of such bonds or other indebtedness, the financial condition or performance of the liquidity banks and remarketing agents would affect the payment or marketability and remarketing of such variable rate obligations. If the Obligated Group were to execute any liquidity agreements, such agreements may expire prior to the last maturity dates of the applicable variable rate obligations. If the Obligated Group is unable or chooses not to extend or replace the liquidity agreements with respect to any such variable rate bonds issued on its behalf, the Obligated Group would be required to provide liquidity for the payment of any such variable rate bonds that are tendered by the holders thereof, and the cash reserves of the Obligated Group would be affected until such variable rate bonds are remarketed.

In the future, variable rate bonds may be issued on behalf of the Obligated Group that have no external dedicated liquidity. If such bonds are tendered or deemed tendered and not remarketed, the

Obligated Group would be obligated to purchase such variable rate bonds from its own funds. The Obligated Group's ability to provide self-liquidity for such variable rate bonds may be adversely impacted by a variety of factors, including a reduction in investment income and a lack of availability of external liquidity from revolving or other credit facilities.

LIBOR PHASE OUT COULD AFFECT FUTURE COST OF FUNDS

Draws under the Obligated Group's outstanding line of credit bear interest at rates that are determined using, or are payable on, a London Interbank Offered Rate (*"LIBOR"*) index. In 2017, the U.K. Financial Conduct Authority (the *"UK FCA"*), the body that regulates and supervises the publication of LIBOR, announced that it will no longer persuade or compel banks to submit rates for the calculation of LIBOR, in part based on the existence in the LIBOR market of manipulation of the index by those involved in submitting rates for the calculation of LIBOR. It is not presently possible to predict the impact of the phase out of LIBOR or the implementation of any future rule changes or benchmark rates adopted by the UK FCA or other regulatory body, if any, in connection with the replacement of LIBOR.

On November 30, 2020, the ICE Benchmark Administration Limited announced its plan to extend the date that most U.S. Dollar LIBOR values would cease being computed and published from December 31, 2021 to June 30, 2023. On March 5, 2021, the ICE Benchmark Administration Limited published a feedback statement that confirmed its intention to cease publication of one week and two month U.S. Dollar LIBOR tenors after December 31, 2021 and all other U.S. Dollar LIBOR tenors after June 30, 2023. If future uncertainty surrounding the calculation of LIBOR results in sudden changes in LIBOR rates, the interest payments on the Obligated Group's LIBOR-based indebtedness may be materially adversely affected. Further, the phase out of LIBOR and the uncertainty as to the benchmark rate or mechanism that may succeed LIBOR may increase the costs and availability of financing or otherwise materially adversely affect the Obligated Group depending on the market levels of any such replacement rate or mechanism and the vulnerability to manipulation, if any, of any such replacement rate or mechanism. The Obligated Group in the future may pursue amendments to its LIBOR-based debt to provide for a transaction mechanism or other reference rate in anticipation of LIBOR's discontinuation, but it may not be able to reach agreements with its counterparties regarding any such amendments. The replacement of LIBOR with a comparable or successor rate could cause the amount of interest payable on amounts drawn under the Obligated Group's lines of credit to be different or higher than expected.

CERTAIN AGREEMENTS WITH, OR COVENANTS WITH RESPECT TO, FINANCIAL INSTITUTIONS COULD AFFECT AVAILABLE FUNDS

The Members of the Obligated Group have entered into term loans and lines of credit with certain banks and financial institutions (such banks and financial institutions, collectively, the *"Financial Institutions"*). The Members of the Obligated Group may also enter into similar agreements and/or continuing covenant agreements with purchasers of privately placed bonds, credit or liquidity support agreements or interest rate swap agreements with financial institutions in the future. The Obligated Group's obligations to such Financial Institutions are secured, or may be secured, by Obligations issued under the Master Indenture. Such agreements described above with the Financial Institutions also contain certain covenants for the sole benefit of the related Financial Institutions (the *"Financial Institution Covenants"*). Financial Institution Covenants can be waived, modified or amended at the sole discretion of the related Financial Institutions. Failure by the Obligated Group to make payments due on the related Obligations, or failure by the Obligated Group to comply with the applicable Financial Institution Covenants, could cause an Event of Default under the Master Indenture and result in the acceleration of such Obligations.

ENFORCEMENT OF REMEDIES MAY BE LIMITED OR DELAYED BY BANKRUPTCY OR OTHER LAWS

The obligations of the Members of the Obligated Group under the Master Indenture and the Series 2021 Obligations are general obligations of the Members of the Obligated Group and are secured only by the security interest granted to the Master Trustee in the Gross Revenues of the Members of the Obligated Group. Enforcement of the remedies mentioned under the headings "SUMMARY OF THE SERIES 2021A INDENTURE AND SERIES 2021A LOAN AGREEMENT — Events of Default" in APPENDIX C-2, "SUMMARY OF SERIES 2021B INDENTURE AND SERIES 2021B LOAN AGREEMENT — Events of Default" in APPENDIX C-3, and "SUMMARY OF MASTER INDENTURE OF TRUST, SUPPLEMENT NO. 12 AND SUPPLEMENT NO. 13 — Events of Default and Remedies" in APPENDIX C-1 hereto and in Article IV — "Defaults" in APPENDIX C-4 hereto may be limited or delayed in the event of application of federal bankruptcy laws or other laws affecting creditors' rights and may be substantially delayed and subject to judicial discretion in the event of litigation or the required use of statutory remedial procedures.

If a Member of the Obligated Group were to file a petition for relief under the Bankruptcy Code, the filing would operate as an automatic stay of the commencement or continuation of any judicial or other proceeding against such Member of the Obligated Group and any interest it has in its property. If the bankruptcy court so ordered, such Member's property, including accounts receivable and proceeds thereof, could be used, at least temporarily, for the benefit of the bankruptcy estate despite the claims of its creditors. If a Member of the Obligated Group were to file a petition for relief under the Bankruptcy Code, such Member may not be required to turn over to the Master Trustee any Gross Revenues that have not already been deposited in the Gross Revenue Fund, regardless of the provisions of the Master Indenture. In addition, payment to the Master Trustee of Gross Revenues held in the Gross Revenue Fund may be delayed or may not be made at all, absent an order of the bankruptcy court, which might not be obtained. Any Gross Revenues collected after the commencement of the bankruptcy case would likely not be subject to the lien of the Master Indenture, unless the bankruptcy court granted a continuing lien as adequate protection for a Member's use of cash collateral (i.e. Gross Revenues held in the Gross Revenue Fund).

In a case under the current Bankruptcy Code, the Obligated Group could file a plan of reorganization. The plan is the vehicle for satisfying, and provides for the comprehensive treatment of, all claims against the Members of the Obligated Group and could result in the modification of rights of any class of creditors, secured or unsecured. To confirm a plan of reorganization, with one exception discussed below, it must be approved by the vote of each class of impaired creditors. A class approves a plan if, of those who vote, those holding more than one-half in number and two-thirds in amount vote in favor of such plan. Approval by classes of interests requires a vote in favor of the plan by two-thirds in amount. If these levels of votes are attained, those voting against the plan or not voting at all are nonetheless bound by the terms thereof. Other than as provided in the confirmed plan, all claims and interests are discharged and extinguished. If fewer than all of the impaired classes accept the plan, the plan may nevertheless be confirmed by the bankruptcy court, and the dissenting claims and interests would be bound thereby. For this to occur, one of the impaired classes must vote to accept the plan and the bankruptcy court must determine that the plan does not "discriminate unfairly" and is "fair and equitable" with respect to the nonconsenting class or classes. The Bankruptcy Code establishes different fair and equitable tests for secured claims and interest holders. For a plan to be confirmed, the bankruptcy court must also determine, among other requirements, that it provides creditors with not less than would be received in the event of liquidation and is proposed in good faith, and that the debtor's performance is feasible.

The various legal opinions to be delivered concurrently with the delivery of the Bonds will be qualified as to the enforceability of the various legal instruments by limitations imposed by general

principles of equity and by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors generally and laws relating to fraudulent conveyances.

CONSTRUCTION PROJECTS ARE SUBJECT TO DELAYS OR INCREASED COSTS

Construction projects, including the Project, are subject to a variety of risks including, but not limited to, delays in the issuance of necessary approvals or permits, strikes, shortages of materials, tariffs on materials, supply chain disruptions, adverse weather conditions, and general cost overruns. Cost overruns may occur due to change orders, delays in construction schedules, scarcity of building materials and labor, and other factors. Any of the forgoing could cause completion delays or the expenditure of more funds than originally allocated.

BOND RATINGS MAY BE LOWERED OR WITHDRAWN

There can be no assurance that the ratings assigned to the Bonds at the time of issuance will not be lowered or withdrawn at any time, the effect of which could adversely affect the market price for and marketability of the Bonds. See "AN ECONOMIC DOWNTURN OR OTHER UNFAVORABLE ECONOMIC CONDITIONS COULD NEGATIVELY IMPACT FINANCIAL CONDITION" and "COVID-19 PANDEMIC HAS CAUSED ECONOMIC TURMOIL AND COULD FURTHER NEGATIVELY IMPACT FINANCIAL CONDITION" above for a discussion of certain conditions that may cause re-evaluation of ratings by rating agencies. See also the information under the heading "RATINGS."

THERE MAY NOT BE A SECONDARY MARKET FOR THE BONDS

There is presently no secondary market for the Bonds and no assurance can be given that a secondary market will develop. Consequently, investors may not be able to resell the Bonds purchased should they need or wish to do so.

MAINTENANCE OF TAX-EXEMPT STATUS IS DEPENDENT UPON COMPLIANCE WITH VARIOUS LAWS AND REGULATIONS

The tax-exempt status of interest on the Series 2021A Bonds depends, among other things, upon maintenance by the Members of the Obligated Group who operate facilities financed or refinanced with the proceeds of the Series 2021A Bonds of their status as organizations described in Section 501(c)(3) of the Code The maintenance of such status is contingent on compliance with general rules based on the Code, Treasury regulations and judicial decisions regarding the organization and operation of tax-exempt hospitals and health systems, including their operation for charitable and other permissible purposes and their avoidance of transactions that may cause their earnings or assets to inure to the benefit of private individuals. As these general principles were developed primarily for public charities that do not conduct large-scale technical operations and business activities, they often do not adequately address the myriad of operations and transactions entered into by a modern health care organization. Although traditional activities of health care providers, such as medical office building leases, have been the subject of interpretations by the IRS in the form of private letter rulings, many activities or categories of activities have not been fully addressed in any official opinion, interpretation or policy of the IRS. The interpretation of the IRS and its position on these rules as they affect the organization and operation of health care organizations (for example, with respect to providing charity care, joint ventures, physician and executive compensation, physician recruitment and retention, etc.) are constantly evolving. The IRS can and in fact

occasionally does alter or reverse its positions concerning tax-exemption issues, even concerning long-held positions upon which tax-exempt health care organizations have relied.

In addition to violations of the Code, the IRS has asserted that tax-exempt hospitals that are in violation of Medicare and Medicaid regulations regarding inducement for referrals may also be subject to revocation of their tax-exempt status. Because a wide variety of hospital physician transactions potentially violate these broadly stated prohibitions on inducement for referrals, the IRS has broadened the range of activities that may directly affect tax exemption, without defining specifically how those rules will be applied. As a result, tax-exempt hospitals, particularly those that have extensive transactions with physicians, are currently subject to an increased degree of scrutiny and, potentially, enforcement activities by the IRS. The policy position of the IRS is not necessarily indicative of a judicial determination of the applicable issues.

Section 4958 of the Code imposes excise taxes on "excess benefit transactions" between "disqualified persons" and tax-exempt organizations such as the Members of the Obligated Group. According to the legislative history and regulations associated with Section 4958, these excise taxes may be imposed by the IRS either in lieu of or in addition to revocation of exemption. These intermediate sanctions may be imposed in situations in which a "disqualified person" (such as an "insider") engages in "excess benefit transactions" such as (1) a transaction with a tax-exempt organization on other than a fair market value basis, (2) receipt of unreasonable compensation from a tax-exempt organization or (3) receipt of payment in an arrangement that otherwise violates the prohibition against private inurement. A disqualified person who benefits from an excess benefit transaction will be subject to an excise tax equal to 25% of the amount of the excess benefit. Organization managers who participate in the excess benefit transaction knowing it to be improper are subject to an excise tax equal to 10% of the amount of the excess benefit, subject to a maximum penalty of $20,000 per transaction. A second penalty, in the amount of 200% of the excess benefit, may be imposed on the disqualified person (but not upon the organization manager) if the excess benefit is not corrected within a specified period of time. Fair market value and reasonable compensation for tax purposes typically reflect a range rather than a specific dollar amount, and the IRS does not rule in advance on whether a transaction results in more than fair market value payment or more than reasonable compensation to a disqualified person. Although it is not possible to predict what enforcement action, if any, the IRS might take related to potential excess benefit transactions, consistent with the legislative history of Section 4958, regulations issued by the IRS indicate that not all excess benefit transactions jeopardize exempt status. Rather, the IRS will consider all relevant facts and circumstances, including the size and scope of the organization's activities that further exempt purposes; the size, scope and frequency of any excess benefit transactions; whether the organization has implemented appropriate safeguards reasonably designed to prevent future excess benefit; and whether the organization has corrected, or made good faith efforts to correct, any excess benefit such as by obtaining repayment of the amount of any excess benefit.

The legislative history of Section 4958 is potentially favorable to taxpayers because it provides the IRS with a punitive option short of revoking tax-exempt status to deal with incidents of private inurement. However, the standards for tax exemption have not been changed, including the requirement that no part of the net earnings of an exempt entity inure to the benefit of any private individual. Consequently, although the IRS has only infrequently revoked the tax exemption of nonprofit health care corporations in the past, the risk of revocation remains and there can be no assurance that the IRS will not direct enforcement activities against any of the Members of the Obligated Group.

In certain cases, the IRS has imposed substantial monetary penalties and future charity care or public benefit obligations on tax-exempt hospitals in lieu of revoking their tax-exempt status, as well as

requiring that certain transactions be altered, terminated or avoided in the future and/or requiring governance or management changes. These penalties and obligations are typically imposed on the tax-exempt hospital pursuant to a "closing agreement" with respect to the hospital's alleged violation of Section 501(c)(3) exemption requirements. Given the uncertainty regarding how tax-exemption requirements may be applied by the IRS, Obligated Group Members are, and will be, at risk for incurring monetary and other liabilities imposed by the IRS through this "closing agreement" or similar process. Like certain of the other business and legal risks described herein which apply to large multihospital systems, these liabilities are probable from time to time for some systems in the nonprofit health care industry and could be substantial, in some cases involving millions of dollars, and in extreme cases could be materially adverse.

The ACA also contains requirements for tax-exempt hospitals through Section 501(r) of the Code. Under the ACA, each tax-exempt hospital facility is required to (i) conduct a community health needs assessment at least every three years and adopt an implementation strategy to meet the identified community needs, (ii) adopt, implement and widely publicize a written financial assistance policy that includes the Section 501(r) minimum statutory and regulatory requirements and a policy to provide emergency medical treatment without discrimination, (iii) limit charges to individuals who qualify for financial assistance under such tax-exempt hospital's financial assistance policy to no more than the amounts generally billed to individuals who have insurance covering such care and refrain from using "gross charges" when billing such individuals, and (iv) refrain from taking extraordinary collection actions without first making reasonable efforts to determine whether the individual is eligible for assistance under such tax-exempt hospital's financial assistance policy.

The Secretary of the U.S. Treasury issued final regulations under Section 501(r) of the Code that provide detailed and comprehensive guidance relating to requirements for community health needs assessments, financial assistance policies, emergency medical care policies, limitations on charges and billing and collection practices, and also provide guidance on consequences of failure to satisfy Section 501(r) requirements. These final regulations are complex and may be administratively burdensome to implement.

In addition, the U.S. Treasury is required to review information about each tax-exempt hospital's community benefit activities at least once every three years, as well as to submit an annual report to Congress with information generally regarding the levels of charity care, bad debt expenses, unreimbursed costs of government programs, and costs incurred by private tax-exempt hospitals for community benefit activities. The periodic reviews and reports to Congress regarding the community benefits provided by 501(c)(3) hospitals may increase the likelihood that Congress will require such hospitals to provide a minimum level of charity care in order to retain tax-exempt status and may increase IRS scrutiny of particular 501(c)(3) hospital organizations.

In general, certain failures to comply with Section 501(r) requirements may be corrected if such failures are not willful or egregious and certain correction and disclosure procedures are followed. In other circumstances, an organization's failure to meet one or more Section 501(r) requirements could endanger the organization's Section 501(c)(3) status as of the first day of the tax year in which a failure occurs. In addition, an organization may be subject to certain excise taxes if a hospital facility fails to maintain the requirements concerning community health needs assessments.

The IRS conducts audits of exempt organizations and considers a wide range of possible issues, including the community benefit standard, private inurement and private benefit, partnerships and joint ventures, retirement plans and employee benefits, employment taxes, tax-exempt bond financing, political

contributions and unrelated business income. In addition, the IRS conducts compliance checks and correspondence audits that focus initially on limited issues, such as executive compensation, unrelated business income or community benefit. Such limited-scope reviews can be expanded in certain circumstances to include a variety of other issues as in a Team Examination Program ("*TEP*") audit. The IRS has periodically conducted audit and other enforcement activity regarding tax-exempt health care organizations. Certain audits are conducted by teams of revenue agents, often take years to complete and require the expenditure of significant staff time by both the IRS and the audited organization.

A Member of the Obligated Group could be audited by the IRS. Nevertheless, because of the complexity of the tax laws and the presence of issues about which reasonable persons can differ, a TEP or other audit could result in additional taxes, interest and penalties. A TEP or other audit also could potentially affect the tax-exempt status of any of the Members of the Obligated Group.

If the IRS were to find that a Member of the Obligated Group has participated in activities in violation of certain regulations or rulings, the tax-exempt status of such entity could be in jeopardy. Although the IRS has not frequently revoked the 501(c)(3) tax-exempt status of nonprofit health care organizations, it could do so in the future. Loss of tax-exempt status by any of the Members of the Obligated Group could result in loss of the exclusion from gross income of the interest on the Series 2021A Bonds that, in turn, could result in a default under the Series 2021A Indenture, potentially triggering an acceleration of the Series 2021A Bonds. Any such event would have material adverse consequences on the future business or financial condition of the affected Members of the Obligated Group and, potentially, the Obligated Group as a whole. Additionally, the loss of federal tax-exempt status by a Member of the Obligated Group could adversely affect its access to future tax-exempt financing.

As described herein under the caption "TAX MATTERS," failure to comply with certain legal requirements may cause the interest on the Series 2021A Bonds to become included in gross income of the recipients thereof for federal income tax purposes. In such event, the Series 2021A Bonds may be accelerated as provided in the Series 2021A Indenture. The Series 2021A Indenture does not provide for the payment of any additional interest or penalty in the event the interest on the Series 2021A Bonds is determined to be includible in gross income for federal income tax purposes.

MISCELLANEOUS RISK FACTORS

The following factors, among others, may also adversely affect the operation of health care facilities, including the Obligated Group's facilities, to an extent that cannot be determined at this time:

- Cost increases without corresponding increases in revenue.

- Any termination or alteration of existing agreements with individual physicians or physician groups that render services to Obligated Group patients.

- An inflationary economy.

- Any inability to obtain future governmental approvals to undertake projects necessary to remain competitive as to both rates and charges as well as to quality and scope of care.

- Laws requiring particular staffing levels at medical facilities (*e.g.,* nurse-to-patient staffing ratios).

- State or federal imposition of higher minimum or living wages.

- The outcome of presidential or other political elections, or political or civil unrest.

- Climate change.

- The adoption of legislation or implementation of regulations establishing a national or statewide single-payor health program or that would establish national, statewide or otherwise regulated rates applicable to health care providers.

TAX MATTERS

SERIES 2021A BONDS

In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the Issuer ("*Bond Counsel*"), based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Series 2021A Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Code and is exempt from State of California personal income taxes. Bond Counsel is of the further opinion that interest on the Series 2021A Bonds is not a specific preference item for purposes of the federal alternative minimum tax A complete copy of the proposed form of opinion of Bond Counsel is set forth in APPENDIX D hereto.

To the extent the issue price of any maturity of the Series 2021A Bonds is less than the amount to be paid at maturity of such Series 2021A Bonds (excluding amounts stated to be interest and payable at least annually over the term of such Series 2021A Bonds), the difference constitutes "original issue discount," the accrual of which, to the extent properly allocable to each Beneficial Owner thereof, is treated as interest on the Series 2021A Bonds which is excluded from gross income for federal income tax purposes and State of California personal income taxes. For this purpose, the issue price of a particular maturity of the Series 2021A Bonds is the first price at which a substantial amount of such maturity of the Series 2021A Bonds is sold to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers). The original issue discount with respect to any maturity of the Series 2021A Bonds accrues daily over the term to maturity of such Series 2021A Bonds on the basis of a constant interest rate compounded semiannually (with straight-line interpolations between compounding dates). The accruing original issue discount is added to the adjusted basis of such Series 2021A Bonds to determine taxable gain or loss upon disposition (including sale, redemption, or payment on maturity) of such Series 2021A Bonds. Beneficial Owners of the Series 2021A Bonds should consult their own tax advisors with respect to the tax consequences of ownership of Series 2021A Bonds with original issue discount, including the treatment of Beneficial Owners who do not purchase such Bonds in the original offering to the public at the first price at which a substantial amount of such Series 2021A Bonds is sold to the public.

Series 2021A Bonds purchased, whether at original issuance or otherwise, for an amount higher than their principal amount payable at maturity (or, in some cases, at their earlier call date) ("*Premium Bonds*") will be treated as having amortizable bond premium. No deduction is allowable for the amortizable bond premium in the case of bonds, like the Premium Bonds, the interest on which is excluded from gross income for federal income tax purposes. However, the amount of tax-exempt interest received, and a Beneficial Owner's basis in a Premium Bond, will be reduced by the amount of amortizable bond premium properly allocable to such Beneficial Owner. Beneficial Owners of Premium Bonds should consult their

own tax advisors with respect to the proper treatment of amortizable bond premium in their particular circumstances.

The Code imposes various restrictions, conditions and requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Series 2021A Bonds. The Borrowers have made certain representations and covenanted to comply with certain restrictions, conditions and requirements designed to ensure that interest on the Series 2021A Bonds will not be included in federal gross income. Inaccuracy of these representations or failure to comply with these covenants may result in interest on the Series 2021A Bonds being included in gross income for federal income tax purposes, possibly from the date of original issuance of the Series 2021A Bonds. The opinion of Bond Counsel assumes the accuracy of these representations and compliance with these covenants. Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken), or events occurring (or not occurring), or any other matters coming to Bond Counsel's attention after the date of issuance of the Series 2021A Bonds may adversely affect the value of, or the tax status of interest on, the Series 2021A Bonds. Accordingly, the opinion of Bond Counsel is not intended to, and may not, be relied upon in connection with any such actions, events or matters.

In addition, Bond Counsel has relied, among other things, on the opinion of Ropes & Gray LLP, Counsel to the Borrowers, regarding the current qualification of the Borrowers as organizations described in Section 501(c)(3) of the Code. Such opinion is subject to a number of qualifications and limitations. Neither Bond Counsel nor Counsel to the Borrowers has given any opinion or assurance concerning Section 513(a) of the Code and neither Bond Counsel nor Counsel to the Borrowers cannot give and has not given any opinion or assurance about the future activities of the Borrowers, or about the effect of future changes in the Code, the applicable regulations, the interpretation thereof or changes in enforcement thereof by the Internal Revenue Service. Failure of the Borrowers to be organized and operated in accordance with the Internal Revenue Service's requirements for the maintenance of its status as an organization described in Section 501(c)(3) of the Code, or to operate the facilities financed by the Series 2021A Bonds in a manner that is substantially related to the Borrowers' charitable purpose under Section 513(a) of the Code, may result in interest payable with respect to the Series 2021A Bonds being included in federal gross income, possibly from the date of the original issuance of the Series 2021A Bonds.

Although Bond Counsel is of the opinion that interest on the Series 2021A Bonds is excluded from gross income for federal income tax purposes and is exempt from State of California personal income taxes, the ownership or disposition of, or the accrual or receipt of amounts treated as interest on, the Series 2021A Bonds may otherwise affect a Beneficial Owner's federal, state or local tax liability. The nature and extent of these other tax consequences depends upon the particular tax status of the Beneficial Owner or the Beneficial Owner's other items of income or deduction. Bond Counsel expresses no opinion regarding any such other tax consequences.

Current and future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the Series 2021A Bonds to be subject, directly or indirectly, in whole or in part, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent Beneficial Owners from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such legislative proposals or clarification of the Code or court decisions may also affect, perhaps significantly, the market price for, or marketability of, the Series 2021A Bonds. Prospective purchasers of the Series 2021A Bonds should consult their own tax advisors regarding the potential impact of any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel is expected to express no opinion.

The opinion of Bond Counsel is based on current legal authority, covers certain matters not directly addressed by such authorities, and represents Bond Counsel's judgment as to the proper treatment of the Series 2021A Bonds for federal income tax purposes. It is not binding on the IRS or the courts. Furthermore, Bond Counsel cannot give and has not given any opinion or assurance about the future activities of the Borrowers, or about the effect of future changes in the Code, the applicable regulations, the interpretation thereof or the enforcement thereof by the IRS. The Borrowers have covenanted, however, to comply with the requirements of the Code.

Bond Counsel's engagement with respect to the Series 2021A Bonds ends with the issuance of the Series 2021A Bonds, and, unless separately engaged, Bond Counsel is not obligated to defend the Borrowers or the Beneficial Owners regarding the tax-exempt status of the Series 2021A Bonds in the event of an audit examination by the IRS. Under current procedures, parties other than he Borrowers and their appointed counsel, including the Beneficial Owners, would have little, if any, right to participate in the audit examination process. Moreover, because achieving judicial review in connection with an audit examination of tax-exempt bonds is difficult, obtaining an independent review of IRS positions with which the Borrowers legitimately disagrees, may not be practicable. Any action of the IRS, including but not limited to selection of the Series 2021A Bonds for audit, or the course or result of such audit, or an audit of bonds presenting similar tax issues may affect the market price for, or the marketability of, the Series 2021A Bonds, and may cause the Borrowers or the Beneficial Owners to incur significant expense.

SERIES 2021B BONDS

Bond Counsel is of the opinion that interest on the Bonds is exempt from State of California personal income taxes. Bond Counsel observes that interest on the Series 2021B Bonds is not excluded from gross income for federal income tax purposes under Section 103 of the Code. Bond Counsel expresses no opinion regarding any other tax consequences relating to the ownership or disposition of, or the amount, accrual, or receipt of interest on, the Series 2021B Bonds. The proposed form of opinion of Bond Counsel to be delivered for the Series 2021B Bonds is contained in APPENDIX D hereto.

The following discussion summarizes certain U.S. federal income tax considerations generally applicable to U.S. Holders (as defined below) of the Series 2021B Bonds that acquire their Series 2021B Bonds in the initial offering. The discussion below is based upon laws, regulations, rulings, and decisions in effect and available on the date hereof, all of which are subject to change, possibly with retroactive effect. Prospective investors should note that no rulings have been or are expected to be sought from the IRS with respect to any of the U.S. federal income tax considerations discussed below, and no assurance can be given that the IRS will not take contrary positions. Further, the following discussion does not deal with U.S. tax consequences applicable to any given investor, nor does it address the U.S. tax considerations applicable to all categories of investors, some of which may be subject to special taxing rules (regardless of whether or not such investors constitute U.S. Holders), such as certain U.S. expatriates, banks, REITs, RICs, insurance companies, tax-exempt organizations, dealers or traders in securities or currencies, partnerships, S corporations, estates and trusts, investors that hold their Series 2021B Bonds as part of a hedge, straddle or an integrated or conversion transaction, investors whose "functional currency" is not the U.S. dollar, or certain taxpayers that are required to prepare certified financial statements or file financial statements with certain regulatory or governmental agencies. Furthermore, it does not address (i) alternative minimum tax consequences, (ii) the net investment income tax imposed under Section 1411 of the Code, or (iii) the indirect effects on persons who hold equity interests in a holder. This summary also does not consider the taxation of the Series 2021B Bonds under state, local or non-U.S. tax laws. In addition, this summary generally is limited to U.S. tax considerations applicable to investors that acquire their Series 2021B Bonds pursuant to this offering for the issue price that is applicable to such Series 2021B Bonds (i.e., the price at

which a substantial amount of the Series 2021B Bonds are sold to the public) and who will hold their Series 2021B Bonds as "capital assets" within the meaning of Section 1221 of the Code. The following discussion does not address tax considerations applicable to any investors in the Series 2021B Bonds other than investors that are U.S. Holders.

As used herein, "U.S. Holder" means a beneficial owner of a Series 2021B Bond that for U.S. federal income tax purposes is an individual citizen or resident of the United States, a corporation or other entity taxable as a corporation created or organized in or under the laws of the United States or any state thereof (including the District of Columbia), an estate the income of which is subject to U.S. federal income taxation regardless of its source or a trust where a court within the United States is able to exercise primary supervision over the administration of the trust and one or more United States persons (as defined in the Code) have the authority to control all substantial decisions of the trust (or a trust that has made a valid election under U.S. Treasury Regulations to be treated as a domestic trust). If a partnership holds Series 2021B Bonds, the tax treatment of such partnership or a partner in such partnership generally will depend upon the status of the partner and upon the activities of the partnership. Partnerships holding Series 2021B Bonds, and partners in such partnerships, should consult their own tax advisors regarding the tax consequences of an investment in the Series 2021B Bonds (including their status as U.S. Holders).

Prospective investors should consult their own tax advisors in determining the U.S. federal, state, local or non-U.S. tax consequences to them from the purchase, ownership and disposition of the Series 2021B Bonds in light of their particular circumstances.

U.S. Holders

Interest. Interest on the Series 2021B Bonds generally will be taxable to a U.S. Holder as ordinary interest income at the time such amounts are accrued or received, in accordance with the U.S. Holder's method of accounting for U.S. federal income tax purposes.

To the extent that the issue price of any maturity of the Series 2021B Bonds is less than the amount to be paid at maturity of such Series 2021B Bonds (excluding amounts stated to be interest and payable at least annually over the term of such Series 2021B Bonds) by more than a de minimis amount, the difference may constitute original issue discount ("OID"). U.S. Holders of Series 2021B Bonds will be required to include OID in income for U.S. federal income tax purposes as it accrues, in accordance with a constant yield method based on a compounding of interest (which may be before the receipt of cash payments attributable to such income). Under this method, U.S. Holders generally will be required to include in income increasingly greater amounts of OID in successive accrual periods.

Series 2021B Bonds purchased for an amount in excess of the principal amount payable at maturity (or, in some cases, at their earlier call date) will be treated as issued at a premium. A U.S. Holder of a Series 2021B Bond issued at a premium may make an election, applicable to all debt securities purchased at a premium by such U.S. Holder, to amortize such premium, using a constant yield method over the term of such Series 2021B Bond.

Sale or Other Taxable Disposition of the Series 2021B Bonds. Unless a nonrecognition provision of the Code applies, the sale, exchange, redemption, retirement (including pursuant to an offer by the Authority) or other disposition of a Series 2021B Bond will be a taxable event for U.S. federal income tax purposes. In such event, in general, a U.S. Holder of a Series 2021B Bond will recognize gain or loss equal to the difference between (i) the amount of cash plus the fair market value of property received (except to the extent attributable to accrued but unpaid interest on the Series 2021B Bond, which will be taxed in the

manner described above) and (ii) the U.S. Holder's adjusted U.S. federal income tax basis in the Series 2021B Bond (generally, the purchase price paid by the U.S. Holder for the Series 2021B Bond, decreased by any amortized premium, and increased by the amount of any OID previously included in income by such U.S. Holder with respect to such Series 2021B Bond). Any such gain or loss generally will be capital gain or loss. In the case of a non-corporate U.S. Holder of the Series 2021B Bonds, the maximum marginal U.S. federal income tax rate applicable to any such gain will be lower than the maximum marginal U.S. federal income tax rate applicable to ordinary income if such U.S. holder's holding period for the Series 2021B Bonds exceeds one year. The deductibility of capital losses is subject to limitations.

Defeasance of the Series 2021B Bonds. If the Authority defeases any Series 2021B Bond, the Series 2021B Bond may be deemed to be retired and "reissued" for U.S. federal income tax purposes as a result of the defeasance. In that event, in general, a holder will recognize taxable gain or loss equal to the difference between (i) the amount realized from the deemed sale, exchange or retirement (less any accrued qualified stated interest which will be taxable as such) and (ii) the holder's adjusted U.S. federal income tax basis in the Series 2021B Bond.

Information Reporting and Backup Withholding. Payments on the Series 2021B Bonds generally will be subject to U.S. information reporting and possibly to "backup withholding." Under Section 3406 of the Code and applicable U.S. Treasury Regulations issued thereunder, a non-corporate U.S. Holder of the Series 2021B Bonds may be subject to backup withholding at the current rate of 24% with respect to "reportable payments," which include interest paid on the Series 2021B Bonds and the gross proceeds of a sale, exchange, redemption, retirement or other disposition of the Series 2021B Bonds. The payer will be required to deduct and withhold the prescribed amounts if (i) the payee fails to furnish a U.S. taxpayer identification number ("TIN") to the payer in the manner required, (ii) the IRS notifies the payer that the TIN furnished by the payee is incorrect, (iii) there has been a "notified payee underreporting" described in Section 3406(c) of the Code or (iv) the payee fails to certify under penalty of perjury that the payee is not subject to withholding under Section 3406(a)(1)(C) of the Code. Amounts withheld under the backup withholding rules may be refunded or credited against the U.S. Holder's federal income tax liability, if any, provided that the required information is timely furnished to the IRS. Certain U.S. holders (including among others, corporations and certain tax-exempt organizations) are not subject to backup withholding. A holder's failure to comply with the backup withholding rules may result in the imposition of penalties by the IRS.

Foreign Account Tax Compliance Act ("FATCA")

Sections 1471 through 1474 of the Code impose a 30% withholding tax on certain types of payments made to foreign financial institutions, unless the foreign financial institution enters into an agreement with the U.S. Treasury to, among other things, undertake to identify accounts held by certain U.S. persons or U.S.-owned entities, annually report certain information about such accounts, and withhold 30% on payments to account holders whose actions prevent it from complying with these and other reporting requirements, or unless the foreign financial institution is otherwise exempt from those requirements. In addition, FATCA imposes a 30% withholding tax on the same types of payments to a non-financial foreign entity unless the entity certifies that it does not have any substantial U.S. owners or the entity furnishes identifying information regarding each substantial U.S. owner. Under current guidance, failure to comply with the additional certification, information reporting and other specified requirements imposed under FATCA could result in the 30% withholding tax being imposed on payments of interest on the Series 2021B Bonds. In general, withholding under FATCA currently applies to payments of U.S. source interest (including OID) and, under current guidance, will apply to certain "passthru" payments no earlier than the date that is two years after publication of final U.S. Treasury Regulations defining the term

"foreign passthru payments". Prospective investors should consult their own tax advisors regarding FATCA and its effect on them.

The foregoing summary is included herein for general information only and does not discuss all aspects of U.S. federal taxation that may be relevant to a particular holder of Series 2021B Bonds in light of the holder's particular circumstances and income tax situation. Prospective investors are urged to consult their own tax advisors as to any tax consequences to them from the purchase, ownership and disposition of Series 2021B Bonds, including the application and effect of state, local, non-U.S., and other tax laws.

CERTAIN ERISA CONSIDERATIONS

The Employee Retirement Income Security Act of 1974, as amended (*"ERISA"*), imposes certain restrictions on employee pension and welfare benefit plans subject to ERISA (*"ERISA Plans"*) regarding prohibited transactions, and also imposes certain obligations on those persons who are fiduciaries with respect to ERISA Plans. Section 4975 of the Code imposes similar prohibited transaction restrictions on certain plans, including (i) tax-qualified retirement plans described in Section 401(a) and 403(a) of the Code, which are exempt from tax under section 501(a) of the Code and which are not governmental or church plans as defined herein (*"Qualified Retirement Plans"*), and (ii) individual retirement accounts (*"IRAs"*) described in Section 408(b) of the Code (the foregoing in clauses (i) and (ii), "*Tax-Favored Plans*"). Certain employee benefit plans, such as governmental plans (as defined in Section 3(32) of ERISA), non-U.S. plans (as described in Section 4(b)(4) of ERISA) and, if no election has been made under Section 410(d) of the Code, church plans (as defined in Section 3(33) of ERISA), are not subject to ERISA requirements or Section 4975 of the Code, but may be subject to requirements or prohibitions under applicable federal, state, local, non-U.S. or other laws or regulations that are, to a material extent, similar to the requirements of ERISA and Section 4975 of the Code (*"Similar Law"*).

In addition to the imposition of general fiduciary obligations, including those of investment prudence and diversification and the requirement that a plan's investment be made in accordance with the documents governing the plan, ERISA Plans are subject to prohibited transaction restrictions imposed by Section 406 of ERISA. ERISA Plans and Tax-Favored Plans are also subject to prohibited transaction restrictions imposed by Section 4975 of the Code. These rules generally prohibit a broad range of transactions between (i) ERISA Plans, Tax-Favored Plans and entities whose underlying assets include plan assets by reason of ERISA Plans or Tax-Favored Plans investing in such entities (collectively, *"Benefit Plans"*) and (ii) persons who have certain specified relationships to the Benefit Plans (such persons are referred to as *"Parties in Interest"* or *"Disqualified Persons"*), in each case unless a statutory, regulatory or administrative exemption is available. The definitions of "Party in Interest" and "Disqualified Person" are expansive. While other entities may be encompassed by those definitions, they include most notably: (1) a fiduciary with respect to a Benefit Plan; (2) a person providing services to a Benefit Plan; (3) an employer or employee organization any of whose employees or members are covered by a Benefit Plan; and (4) an owner of an IRA. Certain Parties in Interest (or Disqualified Persons) that participate in a non-exempt prohibited transaction may be subject to a penalty (or an excise tax) imposed pursuant to Section 502(i) of ERISA (or Section 4975 of the Code) unless a statutory, regulatory or administrative exemption is available. Without an exemption, an owner of an IRA may disqualify his or her IRA.

Certain transactions involving the purchase, holding or transfer of the Series 2021B Bonds might be deemed to constitute prohibited transactions under ERISA and the Code if assets of the Borrowers were deemed to be assets of a Benefit Plan. Under final regulations issued by the United States Department of Labor at 29 C.F.R. section 2510.3-101, as modified by Section 3(42) of ERISA (the *"Plan Assets Regulation"*), the assets of the Borrowers would be treated as plan assets of a Benefit Plan for the purposes

of ERISA and the Code if the Benefit Plan acquires an "equity interest" in the Borrowers and none of the exceptions contained in the Plan Assets Regulation are applicable. An equity interest is defined under the Plan Assets Regulation as an interest in an entity other than an instrument that is treated as indebtedness under applicable local law and that has no substantial equity features. Although there can be no assurances in this regard, it appears that the Series 2021B Bonds should be treated as debt without substantial equity features for purposes of the Plan Assets Regulation and accordingly the assets of the Borrowers should not be treated as the assets of Benefit Plans investing in the Series 2021B Bonds. The debt treatment of the Series 2021B Bonds for ERISA purposes could change subsequent to issuance of the Series 2021B Bonds. In the event of a withdrawal or downgrade to below investment grade of the rating of the Series 2021B Bonds or a characterization of the Series 2021B Bonds as other than indebtedness under applicable local law, the subsequent purchase of the Series 2021B Bonds or any interest therein by a Benefit Plan is prohibited.

However, without regard to whether the Series 2021B Bonds are treated as an equity interest for such purposes, the acquisition or holding of Series 2021B Bonds by or on behalf of a Benefit Plan could be considered to give rise to a prohibited transaction if the Borrowers, the Master Trustee or the Bond Trustee, or any of their respective affiliates, is or becomes a Party in Interest or a Disqualified Person with respect to such Benefit Plan. The fiduciary of a Benefit Plan that proposes to purchase and hold any Series 2021B Bonds should consider, among other things, whether such purchase and holding may involve (i) the direct or indirect extension of credit to a Party in Interest or a Disqualified Person, (ii) the sale or exchange of any property between a Benefit Plan and a Party in Interest or a Disqualified Person, or (iii) the transfer to, or use by or for the benefit of, a Party in Interest or a Disqualified Person, of any Benefit Plan assets.

Certain status-based exemptions from the prohibited transaction rules could be applicable depending on the type and circumstances of the plan fiduciary making the decision to acquire a Series 2021B Bond. These are commonly referred to as prohibited transaction class exemptions or "PTCEs". Included among these exemptions are:

- PTCE 75-1, which exempts certain transactions between a Benefit Plan and certain brokers-dealers, reporting dealers and banks;

- PTCE 96-23, which exempts transactions effected at the sole discretion of an "in-house asset manager";

- PTCE 90-1, which exempts certain investments by an insurance company pooled separate account;

- PTCE 95-60, which exempts certain investments effected on behalf of an "insurance company general account";

- PTCE 91-38, which exempts certain investments by bank collective investment funds; and

- PTCE 84-14, which exempts certain transactions effected at the sole discretion of a "qualified professional asset manager."

In addition, Section 408(b)(17) of ERISA and Section 4975(d)(20) of the Code generally provide for a statutory exemption from the prohibitions of Section 406(a) of ERISA and Section 4975 of the Code, commonly referred to as the "Service Provider Exemption". The Service Provider Exemption covers transactions involving "adequate consideration" between Benefit Plans and persons who are Parties in

Interest or Disqualified Persons solely by reason of providing services to such Benefit Plans or who are persons affiliated with such service providers, provided generally that such persons are not fiduciaries with respect to "plan assets" of any Benefit Plan involved in the transaction and that certain other conditions are satisfied.

The availability of each of these PTCEs and/or the Service Provider Exemption is subject to a number of important conditions which the Benefit Plan's fiduciary must consider in determining whether such exemptions apply. There can be no assurance that all the conditions of any such exemptions will be satisfied at the time that the Series 2021B Bonds are acquired by a purchaser, or thereafter, if the facts relied upon for utilizing a prohibited transaction exemption change, or that the scope of relief provided by these exemptions will necessarily cover all acts that might be construed as prohibited transactions. Therefore, a Benefit Plan fiduciary considering an investment in the Series 2021B Bond should consult with its counsel prior to making such purchase.

By its acceptance of a Series 2021B Bond (or an interest therein), each purchaser and transferee (and if the purchaser or transferee is a Benefit Plan, its fiduciary) will be deemed to have represented and warranted that either (i) no "plan assets" of any Benefit Plan or a plan subject to Similar Law have been used to purchase such Series 2021B Bond or (ii) the purchase and holding of such Series 2021B Bonds is exempt from the prohibited transaction restrictions of ERISA and Section 4975 of the Code pursuant to a statutory, regulatory or administrative exemption and will not violate Similar Law. A purchaser or transferee who acquires Series 2021B Bonds with assets of a Benefit Plan represents that such purchaser or transferee has considered the fiduciary requirements of ERISA, the Code or Similar Laws and has consulted with counsel with regard to the purchase or transfer.

None of the Borrowers, the Master Trustee, the Bond Trustee, or the Underwriter is undertaking to provide impartial investment advice or to give advice in a fiduciary capacity in connection with the acquisition or transfer of the Series 2021B Bonds by any Benefit Plan.

The foregoing discussion is general in nature and is not intended to be all-inclusive. Due to the complexity of these rules and the penalties that may be imposed upon persons involved in non-exempt prohibited transactions, it is particularly important that any Benefit Plan fiduciary or other person considering whether to purchase Series 2021B Bonds on behalf of a Benefit Plan should consult with its counsel regarding the applicability of the fiduciary responsibility and prohibited transaction provisions of ERISA and the Code to such investment and the availability of any exemption. In addition, persons responsible for considering the purchase of Series 2021B Bonds by a governmental plan, non-electing church plan or non-U.S. plan should consult with their counsel regarding the applicability of any Similar Law to such an investment.

ABSENCE OF MATERIAL LITIGATION

THE AUTHORITY

To the knowledge of the Authority, there is no material litigation pending or threatened against the Authority concerning the validity of the Bonds or any proceedings of the Authority taken with respect to the issuance thereof.

There is no controversy or litigation of any nature now pending against any Member of the Obligated Group or, to the knowledge of its officers, threatened, restraining or enjoining the sale, execution or delivery of the Bonds, or in any way contesting or affecting the validity of the Bonds, any proceeding of the Obligated Group taken concerning the issuance or sale thereof, the pledge or application of any moneys or security provided for the payment of the Bonds or the existence or powers of the Obligated Group relating to the issuance of the Bonds. See also "PENDING LITIGATION" in APPENDIX A hereto.

LEGAL MATTERS

The validity of the Bonds and certain other legal matters are subject to the approving opinions of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the Authority. A complete copy of the proposed forms of opinions of Bond Counsel are set forth as APPENDIX D hereto. Bond Counsel undertakes no responsibility for the accuracy, completeness or fairness of this Official Statement.

Certain legal matters will be passed upon for the Authority by Jones Hall, A Professional Law Corporation. Certain legal matters will be passed upon for the Obligated Group by its counsel, Ropes & Gray LLP. Certain legal matters will be passed upon for the Underwriter by its counsel, Chapman and Cutler LLP.

CONTINUING DISCLOSURE

Because the Bonds are limited obligations of the Authority, payable from amounts received from the Borrowers, financial or operating data concerning the Authority is not material to an evaluation of the offering of the Bonds or to any decision to purchase, hold or sell the Bonds. Accordingly, the Authority is not providing any such information.

The Members of the Obligated Group will enter into separate Continuing Disclosure Agreements with respect to each series of Bonds (each, a *"Continuing Disclosure Agreement"* and, together, the *"Continuing Disclosure Agreements"*) for the benefit of the related Bondholders to provide certain information annually and quarterly and to provide notice of certain events pursuant to the requirements of Section (b)(5) of Rule 15c2-12 (the *"Rule"*) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934. The information to be provided, together with the notices of certain enumerated events, will be filed with the Municipal Securities Rulemaking Board (the "*MSRB*") through its Electronic Municipal Market Access system ("*EMMA*"). The information to be provided on an annual and quarterly basis, the events which will be noticed on an occurrence basis and the other terms of the Continuing Disclosure Agreements, including termination, amendment and remedies, are set forth under "FORM OF CONTINUING DISCLOSURE AGREEMENT" in APPENDIX E hereto.

Failure by the Members of the Obligated Group to comply with the Continuing Disclosure Agreements will not constitute an event of default under the Master Indenture, the Indentures or the Loan Agreements and Bondholders are limited to the remedies described in the Continuing Disclosure Agreements. See "FORM OF CONTINUING DISCLOSURE AGREEMENT" in APPENDIX E hereto. Failure by the Members of the Obligated to comply with the Continuing Disclosure Agreements must be reported in accordance with the Rule and must be considered by any broker, dealer or municipal securities dealer before recommending the purchase or sale of the Bonds in the secondary market. Consequently, any such failure may adversely affect the transferability and liquidity of and the market price for the Bonds.

The Obligated Group has agreed to make certain continuing disclosure undertakings pursuant to the Rule and its continuing disclosure undertakings executed in connection with the issuance of certain tax-exempt bonds issued for the benefit of the Obligated Group (collectively, the *"Prior Undertakings"*). During the past five years, the Obligated Group's annual reports (1) included medical staff information presented on a combined basis for its "active" and "associate" medical staff, rather than "active" only, as required by the continuing disclosure obligations under the Series 2015A Bonds, (2) have presented the required summary of operations information in a format other than as prescribed by the continuing disclosure obligations of the Prior Undertakings, and (3) while disclosing the total amount of long-term indebtedness, failed to separately include the principal amount of long-term indebtedness (including the current portion thereof) and unamortized discount or premium, as well as corresponding footnotes, as required by the continuing disclosure obligations under the Prior Undertakings. All such information has been filed with the MSRB through its EMMA system. In all other respects during the past five years, the Obligated Group has complied with its continuing disclosure obligations under the Prior Undertakings.

RATINGS

S&P Global Ratings, a division of S&P Global Inc., has assigned the Bonds the rating of "A-" (stable outlook). Moody's Investors Service, Inc. has assigned the Bonds the rating of "A3" (stable outlook). The ratings and an explanation of their significance may be obtained from the rating agency furnishing such rating. Such ratings reflect only the respective views of the rating agencies.

With respect to the Series 2021B Bonds, S&P Global Ratings, a division of S&P Global Inc., and Moody's Investors Service, Inc. have assigned a rating on the financial strength of the Insurer of "AA" (stable outlook) and "A2" (stable outlook), respectively. Such ratings are subject to revision or withdrawal at any time by either such rating agency, including withdrawal initiated at the request of the Insurer in its sole discretion. In addition, a rating agency may at any time change the Insurer's long-term rating outlooks or place such ratings on a watch list for possible downgrade in the near term. Any downward revision or withdrawal of such rating, the assignment of a negative outlook to such rating or the placement of such rating on a negative watch list may have an adverse effect on the market price of any security guaranteed by the Insurer. Such ratings are only applicable to the Series 2021B Bonds.

The Obligated Group has furnished such rating agencies with certain information and materials relating to the Bonds and the Obligated Group that have not been included in this Official Statement. Generally, rating agencies base their ratings on the information and materials so furnished and on investigations, studies, and assumptions by the rating agencies. There is no assurance that a particular rating will be maintained for any given period of time or that it will not be lowered or withdrawn entirely if, in the judgment of the agency originally establishing the rating, circumstances so warrant or if requested by the Obligated Group for withdrawal. A securities rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time. None of the Authority, the Underwriter or the Obligated Group has undertaken any responsibility to oppose any proposed revision or withdrawal of the ratings of the Bonds. Neither the Authority nor the Underwriter has undertaken any responsibility to bring to the attention of the holders of the Bonds any such proposed revision or withdrawal. Any such revision or withdrawal of such ratings could have an adverse effect on the market price for and marketability of the Bonds.

FINANCIAL ADVISOR

The Obligated Group has retained Kaufman, Hall & Associates, LLC ("*Kaufman Hall*"), Skokie, Illinois, a municipal advisory firm registered with the U.S. Securities and Exchange Commission and the

Municipal Securities Rulemaking Board, as financial advisor in connection with the issuance of the Bonds. Although Kaufman Hall has assisted in the preparation of this Official Statement, Kaufman Hall was not and is not obligated to undertake, and has not undertaken to make, an independent verification and assumes no responsibility for the accuracy, completeness or fairness of the information contained in this Official Statement.

UNDERWRITING

The Bonds are being purchased by Citigroup Global Markets Inc. (the *"Underwriter"*). The Underwriter has agreed to purchase the Series 2021A Bonds at a purchase price of $350,004,937.70 (representing the principal amount of $301,500,000.00, plus an original issue premium of $48,504,937.70). The Underwriter has agreed to purchase the Series 2021B Bonds at a purchase price of $135,062,123.61 (representing the principal amount of $137,270,000.00, less an underwriter's discount of $2,207,876.39). Such underwriter's discount includes the Underwriter's compensation with respect to the Series 2021A Bonds. The separate bond purchase agreements with respect to each series of the Bonds each provides that the Underwriter will purchase all of each series of the Bonds, if any are purchased. The Underwriter reserves the right to join with dealers and other underwriters in offering the Bonds to the public. Pursuant to letters of representation related to each series of the Bonds, the Borrowers, on behalf of the Obligated Group, will agree to indemnify the Underwriter and the Authority against certain liabilities, including liabilities under federal and state securities laws. The obligation of the Underwriter to accept delivery of the Bonds is subject to various conditions contained in the bond purchase agreements. The Underwriter may engage in other transactions with Members of the Obligated Group, in which they could earn additional compensation.

CERTAIN RELATIONSHIPS

The Underwriter and its affiliates are full service financial institutions engaged in various activities, which may include sales and trading, commercial and investment banking, financial advisory, investment management, investment research, principal investment, hedging, market making, financing, brokerage and other financial and non-financial activities and services. In the ordinary course of its various business activities, the Underwriter and its affiliates, officers, directors and employees may purchase, sell or hold a broad array of investments and actively traded securities, derivatives, loans, commodities, currencies, credit default swaps and other financial instruments for its own account and for the accounts of its customers, and such investment and trading activities may involve or relate to assets, securities and/or instruments of the Authority and/or Obligated Group Members (directly, as collateral securing other obligations, or otherwise) and/or persons and entities with relationships with the Authority and/or Obligated Group Members. The Underwriter and its affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments. The Underwriter and/or its affiliates may have received or will receive customary fees and payment of expenses in connection with any of these activities.

Citigroup Global Markets Inc., an underwriter of the Bonds, has entered into a retail distribution agreement with Fidelity Capital Markets, a division of National Financial Services LLC (together with its affiliates, "*Fidelity*"). Under this distribution agreement, Citigroup Global Markets Inc. may distribute municipal securities to retail investors at the original issue price through Fidelity. As part of this arrangement, Citigroup Global Markets Inc. will compensate Fidelity for its selling efforts.

The Bank of New York Mellon Trust Company, N.A. (*"BNY"*) is acting in the dual role of Trustee and Master Trustee. The Master Trustee is required under the Master Indenture to act for the benefit of the holders of all Obligations issued thereunder and the Trustee is the holder of Obligation No. 12 and Obligation No. 13 issued in connection with the Bonds. A conflict of interest might arise as a result of BNY serving in such dual capacity.

Members of the Obligated Group from time to time and in the ordinary course of their business contract for services with persons who are also members of the Boards of Trustees of the Members of the Obligated Group as described in "INTRODUCTORY STATEMENT — Governing Boards" in APPENDIX A hereto. The Obligated Group believes that all such contracts are on terms which are no less favorable than could be obtained from unaffiliated persons.

VERIFICATION OF MATHEMATICAL COMPUTATIONS

Concurrent with the delivery of the Bonds, Causey Demgen & Moore P.C., a firm of independent accountants will deliver its verification report indicating that it has verified, in accordance with standards established by the American Institute of Certified Public Accountants, certain information and assertions provided by the Underwriter. Included in the scope of its verification will be a verification of the mathematical accuracy of the mathematical computations of the adequacy of the deposit to the 2015A Escrow Fund to pay, when due, the refunding requirements of the Series 2015A Bonds.

INDEPENDENT AUDITORS

The audited consolidated financial statements of Community Hospitals of Central California and Affiliated Corporations dba Community Health System as of August 31, 2020 and 2021 and for the years then ended, included in APPENDIX B hereto, have been audited by Moss Adams LLP, independent auditors, as stated in its report included in APPENDIX B. Moss Adams LLP has not been engaged to perform, and has not performed since the date of its report included in APPENDIX B, any procedures on the financial statements addressed in that report.

FINANCIAL STATEMENTS

The audited consolidated financial statements included in APPENDIX B hereto include the assets, liabilities and results of operations of the Members of the Obligated Group and the Non-Obligated Affiliates. During the fiscal year ended August 31, 2021, the Members of the Obligated Group represented approximately 95% of total revenues, 151% of excess of revenues, gains, and other support over expenses and 97% of total assets of Community Health System as a whole. See "MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL PERFORMANCE" in APPENDIX A hereto.

MISCELLANEOUS

The references herein to the Bonds, the Indentures, the Loan Agreements, the Series 2021 Obligations, the Master Indenture, Supplement No. 11, the Series 2021A Supplemental Master Indenture, the Series 2021B Supplemental Master Indenture, the Amended and Restated Master Indenture, the Deed of Trust, the Continuing Disclosure Agreements, the Series 2015 Escrow Agreement and other documents and materials are brief outlines of certain provisions thereof. Such outlines do not purport to be complete and for full and complete statements of such provisions reference is made to such instruments and other materials. Copies, in reasonable quantity and at the expense of the person requesting the same, of the

Bonds, the Indentures, the Loan Agreements, the Master Indenture, the Series 2021 Obligations, the Series 2021A Supplemental Master Indenture, the Series 2021B Supplemental Master Indenture, the Amended and Restated Master Indenture, the Continuing Disclosure Agreements, the Deed of Trust and the Series 2015A Escrow Agreement may be obtained during the offering period upon request to the Underwriter and thereafter may be examined or obtained at the corporate trust office of the Trustee in Los Angeles, California.

The use and distribution of this Official Statement have been approved by the Authority; however, the Authority is not responsible for any of the information set forth herein except the information relating to the Authority contained under the captions "INTRODUCTORY STATEMENT — Limited Obligations of the Authority," "THE AUTHORITY" and "ABSENCE OF MATERIAL LITIGATION — The Authority."

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The Obligated Group has supplied the information contained herein relating to the Obligated Group and has supplied or reviewed the summaries of all documents to which any Obligated Group Member is a party. The Obligated Group has also duly approved the execution and delivery of this Official Statement.

COMMUNITY HOSPITALS OF CENTRAL CALIFORNIA,
on behalf of itself and the other Members of the Obligated Group

By: /s/ Roger A. Larsen II
Chief Financial Officer

APPENDIX A

DESCRIPTION OF COMMUNITY HEALTH SYSTEM

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TABLE OF CONTENTS

PAGE

INTRODUCTORY STATEMENT A-1

Community Health System Overview A-1
Corporate Organization A-2
Governing Boards A-4
Management A-5

STRATEGIC OUTLOOK A-9

FACILITIES, SERVICES & OPERATIONS A-11

The Obligated Group Facilities and Services A-11
Information Technology A-13
Accreditations, Memberships and Licenses A-13
Nurse Staffing A-13
Employment A-14
Unions A-14
Pension Plan A-14
Community Benefits A-14

THE PROJECT AND CAPITAL EXPANSION PROGRAM A-15

The Project A-15
Capital Expansion Program A-16

MARKET AND COMPETITION A-17

Fresno County and the Local Economy A-17
Competing Facilities in the Primary Service Area A-18

HISTORICAL UTILIZATION A-20

Historical Utilization A-20

MEDICAL STAFF A-21

Medical Staff A-21
Physician Alignment Strategy A-21
Medical Education and Residency Program A-22

SUMMARY OF FINANCIAL INFORMATION A-23

Financial Information A-23
Summary of Balance Sheet and Operations A-23
Summary of Operating Results – Sources of Net Revenue A-25
Outstanding Long-Term Debt A-28

Historical and Proforma Maximum Annual Debt Service Coverage A-29
Liquidity and Capital Expenditures A-29
Investment Policy..... A-30

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL PERFORMANCE A-31

Impact of the COVID-19 Pandemic A-31
Historical Performance A-35

RISK MANAGEMENT A-36

CONFORMANCE WITH SB1953 SEISMIC STANDARDS A-37

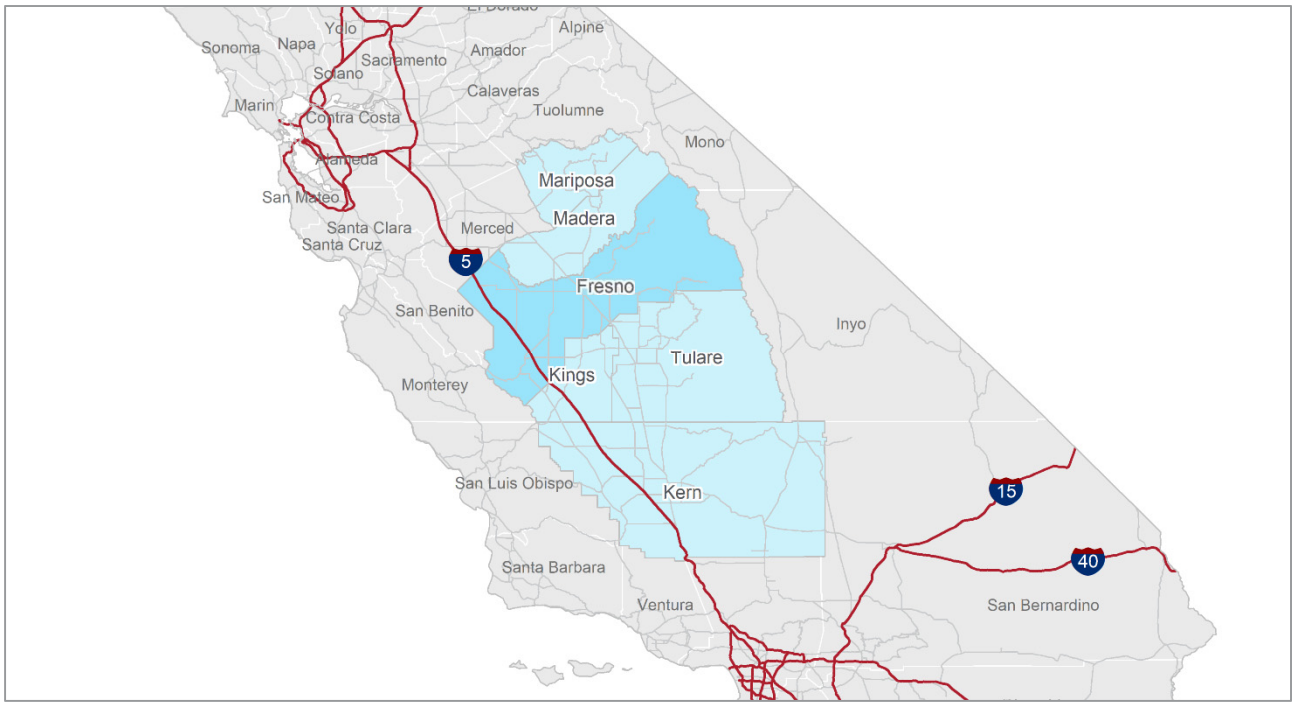
PENDING LITIGATION..... A-37

INTRODUCTORY STATEMENT

COMMUNITY HEALTH SYSTEM OVERVIEW

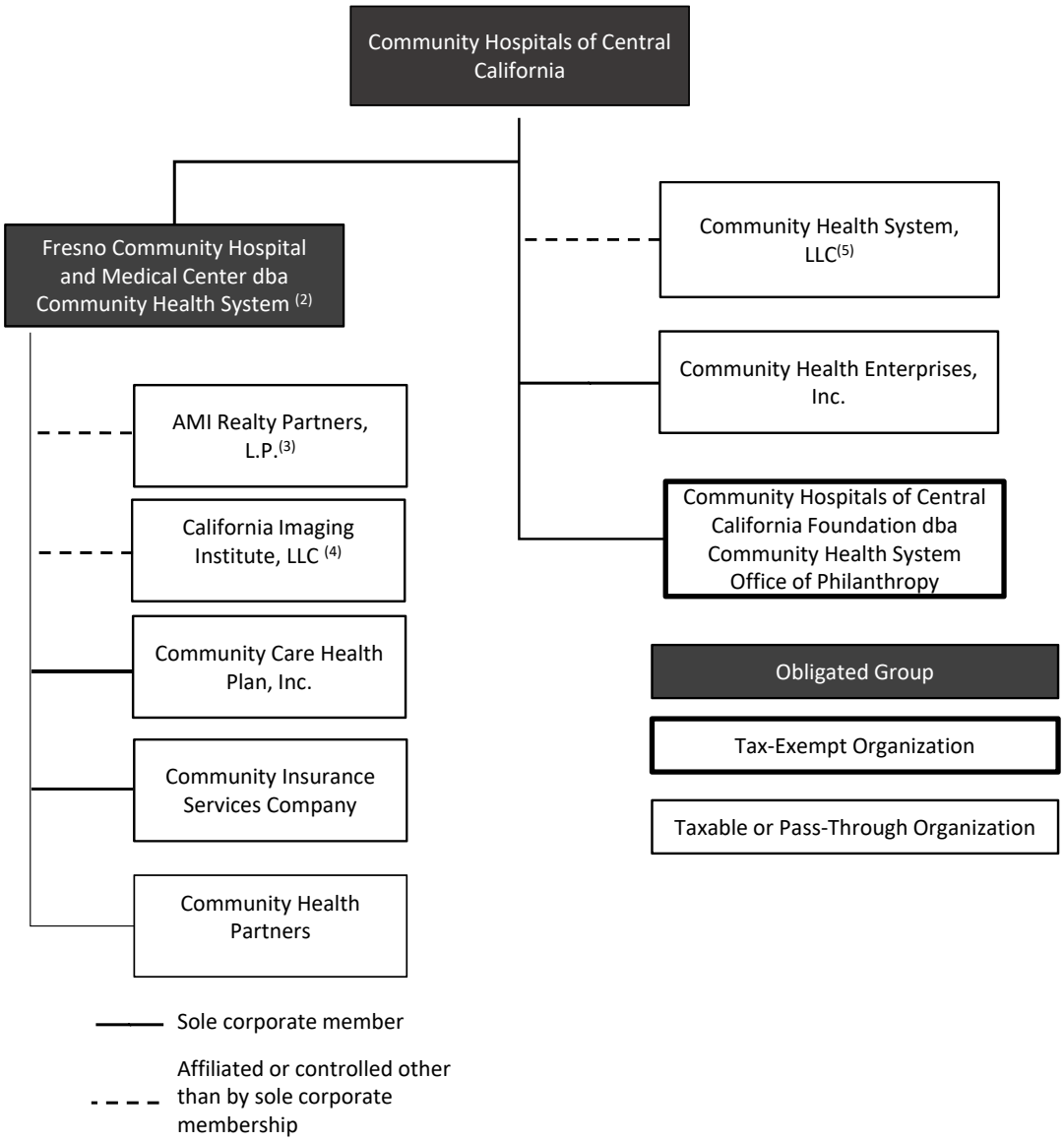
Community Health System, formerly known as Community Medical Centers, is the business name used by the group of entities comprising the comprehensive health care system described herein (collectively, *"CHS"* or *"Community Health System"*). CHS serves Fresno County, California (the *"County"*) and the surrounding California Central Valley area consisting of Kern, Kings, Mariposa, Madera and Tulare counties (the *"Central Valley"*). CHS serves the needs of a diverse community, offering medical services throughout the region through a comprehensive hospital network and a variety of outpatient programs and services. Through a number of facilities, CHS offers medical, surgical and emergency services, family birth, pediatrics, skilled nursing, home care and outpatient care. In addition to the size and diversity of its facilities, CHS offers a variety of specialized services, including the Central Valley's only comprehensive burn center and Level I trauma center (one of only five such facilities in California) and a Level III Neonatal Intensive Care Unit. CHS also provides a graduate medical education program affiliated with the University of California at San Francisco (*"UCSF"*).

CHS's primary service area is the County (the *"Primary Service Area"*), and its secondary service area is comprised of portions of the following California counties: Kern, Kings, Mariposa, Madera and Tulare (collectively, the *"Secondary Service Area"*). See "MARKET AND COMPETITION" herein.



CORPORATE ORGANIZATION

Organizational Chart
Community Hospitals of Central California
and Certain Affiliates[1]



(1) Excludes certain affiliates that are not obligated on the Bonds.
(2) Fresno Community Hospital and Medical Center divisions include Community Regional Medical Center, Fresno Heart and Surgical Hospital, and Clovis Community Medical Center.
(3) Real estate holding general partnership with 50% owned by Fresno Community Hospital and Medical Center and 50% owned by radiologists.
(4) Limited liability company that owns and operates three freestanding full-service imaging centers with 50% owned by Fresno Community Hospital and Medical Center and 50% owned by radiologists.
(5) Limited liability company formed for medical staff-related purposes with 50% ownership by Community Hospitals of Central California and 50% by the IPA (as hereinafter defined). Community Health System, LLC neither holds nor controls any assets.

The Obligated Group

The Obligated Group currently consists of Community Hospitals of Central California (*"CHCC"*) and Fresno Community Hospital and Medical Center (*"FCH"*), each a California nonprofit public benefit corporation (each a *"Member"* and, collectively, the *"Members"* or the *"Obligated Group"*). The Obligated Group does not include any other entity of CHS. The Members of the Obligated Group are the sole obligors with respect to the Bonds and Obligation Nos. 12 and 13 (both as defined in the forepart of this Official Statement). No other entity of CHS is responsible to pay the Bonds or any Obligation issued under the Master Indenture, and none of the assets of any of the other affiliates are available to make payments with respect to the Bonds or any Obligation (as defined in the forepart of this Official Statement).

CHCC is the central management, administrative and planning entity for CHS. FCH owns and is licensed to operate Community Regional Medical Center (*"CRMC"*), a general acute care hospital in the City of Fresno that includes Fresno Heart and Surgical Hospital (*"FHSH"*) as one of its campuses, as well as Clovis Community Medical Center (*"CCMC"*), a general acute care hospital in the City of Clovis. As of August 31, 2021, the CHS hospitals collectively contained a total of 1,129 licensed beds, all of which were being operated. See further discussion under the heading "FACILITIES, SERVICES & OPERATIONS—THE OBLIGATED GROUP FACILITIES AND SERVICES" below.

Non-Obligated Affiliates of CHS

The following are additional material entities of CHS, none of which are Members of the Obligated Group (collectively, the *"Non-Obligated Affiliates"*).

Community Hospitals of Central California Foundation. Operating as Community Health System Office of Philanthropy, this entity is controlled by CHCC and solicits, receives and administers charitable gifts for CHS. In accordance with accounting principles generally accepted in the United States (*"GAAP"*), the financial statements of this controlled affiliate are included in the audited consolidated financial statements of CHS.

Community Health Enterprises, Inc. Community Health Enterprises, Inc. is wholly owned by FCH and owns and operates retail and home infusion pharmacy services. In accordance with GAAP, the financial statements of this controlled affiliate are included in the audited consolidated financial statements of CHS.

Community Health Partners. Community Health Partners (*"CHP"*) is a 1206(g) medical foundation that contracts with a portion of CHS' medical staff. CHP is controlled by FCH and began operating in November 2020. In accordance with GAAP, the financial statements of this controlled affiliate are included in the audited consolidated financial statements of CHS. See "MEDICAL STAFF—PHYSICIAN ALIGNMENT STRATEGY" herein for additional information.

Community Insurance Services Company. Community Insurance Services Company is a wholly owned captive insurance company that maintains professional and general liability coverage for CHS. In accordance with GAAP, the financial statements of this controlled affiliate are included in the audited consolidated financial statements of CHS.

Community Care Health Plan, Inc. Operating as Community Care Health (*"CCH"*), this entity is a wholly owned Knox-Keene licensed Health Maintenance Organization that provides health insurance coverage to the employees of CHS, entities partially owned by CHS as well as small and large employers in the region. In accordance with GAAP, the financial statements of this controlled affiliate are included in the audited consolidated financial statements of CHS.

California Imaging Institute. California Imaging Institute (*"CII"*) is a limited liability company that owns and operates three freestanding full-service imaging centers located in North Fresno, California serving the Primary Service Area. FCH owns 50% of CII and radiologists own the remaining 50%. In accordance with GAAP, the financial statements of CII are not included in the consolidated financial statements of CHS as CII is not a controlled affiliate.

GOVERNING BOARDS

The Members of the Obligated Group are each governed by separate, but identical, Boards of Trustees (each, a *"Board,"* and collectively, the *"Boards"*), the members of which are drawn from the medical, business, civic and professional communities. Of the 15 members of each Board, five are selected from the medical community and include: (i) the Medical Staff President (*ex-officio*); (ii) two persons chosen by the Board from a slate of physicians proposed by the Medical Staff; and (iii) two "at-large" Medical Staff members nominated by the Board and selected by the Board. In addition, not more than a minority of each Board's members (currently not more than seven members) may be persons (or relatives of persons) who receive compensation from either Member of the Obligated Group. Each Board's members serve three-year terms and may not serve more than four consecutive terms. The major committees of the Board include the Finance & Planning Committee, the Professional Affairs & Quality Committee, the Audit and Compliance Committee and the Executive Committee. Generally, the Boards meet on a monthly basis.

The 15 trustees currently serving on each Board and their occupations are listed on the following page.

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NAME/OFFICE	TERM EXPIRES DECEMBER 31,	PRINCIPAL OCCUPATION
Farid Assemi, Chair[2]	2023	Principal, Partner and CEO, Assemi Group
Roger Sturdevant, Chair-Elect	2023	Retired Bank Executive
Susan Abundis, Secretary[2]	2023	Director, Bank of the Sierra
Ronald Bierma, M.D.[1]	2022	Physician/Anesthesiology
Keith Boone, M.D.[1]	2021	Physician/Surgery
Terrance Bradley	2021	President, School Business Consulting
Jerry Cook	2022	President, Cook Land Company
Greg Estep	2022	Managing Director and CEO, Spices at Olam
Amir Fathi, M.D. [1]	2023	Physician/Surgery
Wagih Ibrahim, M.D.[1]	2022	Physician/Internal Medicine
Joseph Jones[2]	2022	President, Fresno Pacific University
Karen McCaffrey	2022	Vice President, The McCaffrey Group
John McGregor	2022	Attorney/Partner, Sullivan McGregor & Doerr LLP
Ruth Quinto[2]	2021	Managing Partner, Quinto Consulting, LP
Chandra Venugopal, M.D.[1]	2023	Physician/Radiology

(1) Member of the Medical Staff.
(2) Member of the Audit and Compliance Committee.

Two members of the Board, Ronald Bierma, M.D. and Amir Fathi, M.D., are physicians who receive compensation from CHS for administrative services. Dr. Bierma provides services as representative on the Professional Behavior Committee pursuant to an individual contract with FCH. Dr. Fathi provides services as Chair of the Cancer Committee and Chair of the CRMC Facility Executive Committee pursuant to individual contracts with FCH. Dr. Bierma, Dr. Fathi and other Board members Keith Boone, M.D., Wagih Ibrahim, M.D. and Chandra Venugopal, M.D. are employed by physician groups that CHS contracts with for physician services.

MANAGEMENT

The officers of CHS are as follows (each person serves in the same capacity for each of the two Members).

Craig S. Castro, President and Chief Executive Officer, Community Health System (Age 60), has been associated with CHS since January 2002 and currently serves as the President and Chief Executive Officer of CHS. He received his Bachelor's Degree from California State University, Fresno in 1982. He was a staff consultant for Arthur Andersen & Co., Los Angeles, California from 1983 to 1984 and held several information technology positions with increasing responsibility–including as Senior Vice President and Chief Information Officer, Saint Agnes Medical Center, Fresno, California–from 1984 to 2001. He began his service with CHS as the Corporate Chief Information Officer, became the Chief Executive Officer of CCMC in January 2006, the Chief Operating Officer of CHS in March 2017 and the Chief Executive Officer of CHS in July 2020.

Aldo De La Torre, Senior Vice President of Managed Care and Chief Executive Officer of Community Care Health Plan (Age 53), has been associated with CHS since November 2014 and is responsible for the negotiation of managed care contracts for CHS and for the administration of CCH. He received his Bachelor's Degree from California State University, Chico in 1991 and his Master's Degree in Health Administration from the University of Southern California in 1995. He was a Senior Financial Analyst of St. Joseph Health Systems, Napa, California from 1995 to 1998; Senior Contract Manager of University of California, Davis Health System from 1998 to 2001; and Regional Contract Manager of Network Services, Health Net of California, Sacramento, California from 2001 to 2002. He also held several positions at Anthem Blue Cross, Woodland Hills, California including Senior Contract Manager from 2002 to 2005; Director, Provider Engagement and Contracting from 2005 to 2009; Regional Vice President, Provider Engagement and Contracting from 2009 to 2011; Vice President, California Provider Engagement and Contracting from 2011 to 2013; and Vice President, West Region Provider Engagement and Contracting from 2013 to 2014. He completed the University of Notre Dame Executive Integral Leadership Program in 2008 and is a commissioner with the CalViva Regional Health Authority serving Fresno, Kings and Madera counties.

James C. Franklin, Senior Vice President and Chief Information Officer (Age 63), has been associated with CHS since September 2006 and currently serves as the Chief Information Officer for CHS. He received his Bachelor's Degree from California State University, Fresno in 1980 and his Master's Degree in Business Administration from California State University, Fresno in 1982. He was the Assistant Vice President and Director, Market Research from 1982 to 1985 and Vice President, Electronic Banking from 1985 to 1989 at Guarantee Savings, Fresno, California. He also held several positions with Valley Children's Hospital, Madera, California including Assistant Vice President and Director, Planning and Research from 1989 to 1991; Vice President, Marketing, Planning, Legislative Affairs from 1991 to 1993; Vice President, Managed Care from 1993 to 1998; and Executive Director and Vice President, Information Technology from 1999 to 2006. He began his service with CHS as Chief Project Management Officer and became Chief Information Officer in 2016.

Roger A. Larsen II, Senior Vice President and Chief Financial Officer (Age 54), has been associated with CHS since June 2021 and serves as the Chief Financial Officer for CHS. He received his Bachelor's Degree from California State University, Sacramento in 1992 and his Master's Degree in Accountancy from California State University, Sacramento in 1994. He was a Senior Associate for BDC Advisors, San Francisco, California from 1993 to 1997 and Controller for Monsanto Life Sciences, Boston, Massachusetts from 1997 to 1998. He also held several positions with Sharp Healthcare/Sharp Rees-Stealy Medical Group in San Diego, California including Chief Financial Officer, Sharp Rees-Stealy Medical Group from 1999 to 2000; Chief Financial Officer, Sharp Rees-Stealy Medical Foundation and Sharp Rees-Stealy Medical Group from 2000 to 2010; and Chief Financial Officer and Vice President Ancillary Services, Sharp Rees-Stealy Medical Foundation and Sharp Rees-Stealy Medical Group from 2010-2012. He held several positions with Sutter Health including Regional Vice President Finance and Chief Financial Officer Peninsula Coastal Region, Los Altos, California from 2012 to 2014; Chief Financial Officer for Sutter Health Bay Area Foundations & East Bay Hospitals, Emeryville, California from 2014 to 2017; and Interim CEO, Sutter East Bay Medical Foundation, Emeryville, California from 2015 to 2017. He was Senior Vice President and Chief Financial Officer for

Presbyterian Healthcare Services, Albuquerque, New Mexico from 2017 to 2020. He is a Certified Public Accountant.

Brianne Marriott, Senior Vice President and Chief Legal Officer (Age 41), has been associated with CHS since March 2011 and currently serves as the Chief Legal Officer of CHS. She received her Bachelor's Degree from Northwestern University, Evanston, Illinois in 2002 and her Juris Doctor Degree from University of Chicago Law School, Chicago, Illinois in 2005. She engaged in the private practice of law in Illinois and California from 2005 to 2011. She began her service with CHS as an Assistant Legal Officer, became a Director in 2012, a Vice President in 2016 and the Chief Legal Officer of CHS in 2019. She is a member of the State Bar of Illinois, the State Bar of California, the American Society for Healthcare Risk Management, the American Health Lawyers Association and the California Society for Healthcare Attorneys.

Carla Milton, Senior Vice President and Chief Human Resources Officer (Age 50), has been associated with CHS since January 2007 and currently serves as the Chief Human Resources Officer for CHS. She received her Bachelor's Degree from Indiana University, Bloomington, Indiana in 1993 and her Master's Degree in Public Policy and Management from Carnegie Mellon University, Pittsburgh, Pennsylvania in 1995. She held several positions with software providers from 1998 to 2001 and several positions with Deloitte Consulting, Pittsburgh, Pennsylvania and Sacramento, California from 2002 to 2006. She began her service with CHS as the Manager of Organizational Development, became the Director of Organizational Development in 2007, the Director of Corporate Education Services in 2009, the Director of Corporate Education Services and Organizational Development in 2012, the Vice President of Human Resources in 2016 and the Chief Human Resources Officer of CHS in 2017.

Christopher Neuman, F.A.C.H.E., Senior Vice President of Operations (Age 39), has been associated with CHS since May 2016 and currently serves as the Senior Vice President of Operations. He is responsible for all hospital, ambulatory and post-acute operations for CHS. He received his Bachelor's Degree from the University of California at Berkeley in 2004 and his Master's Degree in Healthcare Leadership from Brown University, Providence, Rhode Island in 2015. He held several positions with increasing responsibility at Kaiser Permanente in Northern California from 2004 to 2011, served as the Executive Associate Area Finance Officer, Diablo Service Area from 2011 to 2012 and Area Finance Officer/Chief Financial Officer, Central Valley Service Area from 2012 to 2016. He began his service with CHS as the Chief Financial Officer of CRMC, became the Chief Operating Officer of CRMC in 2017 and the Senior Vice President of Operations for CHS in 2020. He is a member of the American College of Healthcare Executives and the Healthcare Financial Management Association.

Patrick Ramirez, Senior Vice President, Community Provider Network (Age 39), has been associated with CHS since October 2014 and is currently responsible for the development and growth of the Community Provider Network for CHS and serves as the Chief Executive Officer of Community Health Partners. He received his Bachelor's Degree from California State University, Fresno in 2005 and his Master's Degree in Public Health from the University of California, Berkeley in 2010. He was Program Manager, California Health Professions Consortium, Fresno, California from 2008 to 2011 and then held several positions with the University of California, San Francisco Medical Center including Administrative Fellow in 2011; Administrative Director, UCSF Primary Care in 2012; and Administrative Director, UCSF

Department of Pediatrics from 2013 to 2014. He began his service with CHS as Director of Ancillary Services for CCMC, became the Vice President of Professional Support Services for CCMC in 2016, the Vice President of Corporate Services Office of Planning and Development for CHS in 2018, and the Senior Vice President of Community Provider Network in 2020. He is a member of the American College of Healthcare Executives, the American Public Health Association and the California Area Healthcare Leaders.

Thomas A. Utecht, M.D., F.A.C.E.P, F.A.C.H.E., Senior Vice President and System Chief Medical Officer (Age 60), has been associated with CHS since 1987, currently serves as Chief Medical Officer for CHS and is responsible for quality, clinical risk management, medical affairs/peer review and the institutional review board for CHS. He received his Bachelor's Degree from Loyola Marymount University, Los Angeles, California in 1983, and his Medical Doctorate Degree from the University of California, Los Angeles, School of Medicine in 1987. He completed an internship and emergency medicine residency at University Medical Center (formerly Valley Medical Center and which became affiliated with CHS in 1996) from 1987 to 1991. He has served as the Assistant Chief of Emergency Medicine for University Medical Center since 1991 and was the Emergency Department Medical Director for University Medical Center from 1993 to 2006 while also serving as a practicing emergency medicine physician. He completed a two-year fellowship in Healthcare Leadership through the Center for the Health Professions, UCSF in 2004. He is a full clinical professor of medicine at UCSF and a Certified Professional of Health Care Risk Management. He is a member of the American College of Emergency Physicians, the American Medical Association, the American College of Healthcare Executives and the American College of Healthcare Physician Executives.

Michelle Von Tersch, Senior Vice President, Chief Communications Officer (Age 53), has been associated with CHS since October 1998 and currently serves as the Chief Communications Officer for CHS. She is responsible for communications strategy, marketing, public relations and legislative affairs for CHS. She received her Bachelor's Degree from California State University, Fresno in 1991 and her Master's Degree in Business Administration from California State University, Fresno in 2010. She began her service with CHS as Manager of Marketing and Communications, became the Director of Marketing and Communications in 2001, the Vice President of Marketing and Communications in 2014, the Vice President of Communications and Public Affairs in 2017 and the Chief Communications Officer in 2020.

Craig A. Wagoner, Executive Vice President and Chief Operating Officer (Age 56), has been associated with CHS since July 2007 and currently serves as the Chief Operating Officer of CHS. He received his Bachelor's Degree from California State University, Stanislaus in 1987 and his Master's Degree in Science from the University of Montana, Missoula, Montana in 1989. He held several administrative positions at American Healthways, Nashville, Tennessee from 1989 to 1999; Administrator, Davis Hospital and Medical Center, Layton, Utah from 1999 to 2000; Executive Director, The Utah Diabetes Center, Salt Lake City, Utah from 2001 to 2003; Regional Director, Iasis Healthcare Corporation, Salt Lake City, Utah from 2003 to 2005; and Chief Operating Officer, Salt Lake Regional Medical Center, Salt Lake City, Utah from 2003 to 2007. He began his service with CHS as the Chief Operating Officer of CCMC, became the Chief Operating Officer of CRMC in 2011, the Chief Executive Officer of CRMC in 2014, the Chief Executive Officer of CRMC and CCMC in 2017 and the Chief Operating Officer of CHS in 2020.

Katie Zenovich, Senior Vice President, Development and External Affairs/Chief Fund Development Officer (Age 56), has been associated with CHS since May 2006 and currently serves as the Chief Fund Development Officer for CHS. She is responsible for all fundraising and corporate external relations activities for CHS. She received her Bachelor's Degree in Healthcare Management from Century University, Albuquerque, New Mexico in 1996 and her Bachelor's Degree in Business Management from the University of Phoenix, Fresno, California in 2006. She held several positions with Saint Agnes Medical Center, Fresno, California including Marketing Manager from 1990 to 1994; Manager, Corporate Relations, Contracting, Physician Relations and Recruitment from 1994 to 1999 and Executive Director, Corporate Strategic Initiatives from 1999 to 2000. She was the Director of Development, California State University, Fresno from 2001 to 2005, and the Director of Corporate and Foundation Relations, California State University, Fresno from 2005 to 2006. She began her service with CHS as Executive Director of the Office of Philanthropy, became the Vice President of Corporate Development in 2014, and the Chief Fund Development Officer in 2018. She serves on the board of the Economic Development Corporation in Fresno.

STRATEGIC OUTLOOK

CHS has historically been a system of hospitals and acute-care centers known as "Community Medical Centers." In June 2021, the "Community Health System" name was adopted to acknowledge CHS's evolution into an integrated delivery system, consisting of three key elements: the CHS hospitals and acute-care centers (the *"CHS Hospitals"*), the health plan operated by CCH (*"Community Care Health"*) and a new approach to the physician network (*"Community Provider Network"*). See "MEDICAL STAFF—PHYSICIAN ALIGNMENT STRATEGY" below for further information. In 2021, the Boards adopted a long-range strategic plan and annual business plan that included goals to deliver:

i. the highest-level specialty care;

ii. convenient and affordable outpatient and diagnostic options;

iii. virtual resources to support seamless, remote health management; and

iv. safe, effective, timely and well-coordinated care.

CHS has adopted a set of priorities for each element of the system in order to achieve the goals above:

i. Community Health System

   a. Increase access to care by expanding ambulatory surgery offerings which may include strategic acquisitions, joint ventures and CHS developed centers;

   b. Advance digital healthcare and consumerism by continuing to support and promote telemedicine, the use of Epic MyChart and the capabilities of CHS's mobile app MyHealthMate;

c. Maintain and safeguard its workforce by implementing compensation adjustments, continuing to invest in employee wellness, expanding recruiting efforts and initiatives to "grow-our-own" talent and increasing communication between leaders and staff; and

d. Continue focus on prioritization and maximization of financial resources to support the goals of CHS.

ii. CHS Hospitals

a. Focus on growth of key service lines including cardiac care, orthopedics, neurosciences and pediatrics;

b. Emphasize quality improvements including reducing hospital acquired illness and continuing the ongoing commitment to research, education and training, and evidence-based practices; and

c. Increase operational efficiency by designing and implementing consistent staffing models across all facilities, and by designing a system-wide approach to patient placement.

iii. Community Provider Network

a. Continue the growth and development of CHP, with a focus on primary care. CHP currently contracts with 120 physician and non-physician providers providing services across 12 clinics and in the CHS Hospitals;

b. Develop a business model for physicians interested in affiliating with CHS without joining CHP, including offering management service organization services; and

c. Continue to invest in graduate medical education.

iv. Community Care Health

a. Maintain and grow the provider network for CCH, including by establishing direct contracting relationships with providers to replace CCH's existing contractual relationship with a local independent practice association, the Santé IPA (the *"IPA"*). For more information on the IPA, see "MEDICAL STAFF—PHYSICIAN ALIGNMENT STRATEGY" herein. CCH's relationship with that IPA will be ending December 31, 2021. Thus far, more than 900 of the approximately 1,200 members of that IPA have direct contracts with CCH and CCH's direct network includes a total of more than 2,300 providers.

Management is often involved in evaluating opportunities to expand through affiliations, acquisitions or mergers. CHS may receive offers from, or conduct discussions with, third parties

about the potential acquisition of operations or properties that may become part of CHS in the future, or about the potential sale of some of the operations and properties of CHS. Discussions with respect to affiliation, merger, acquisition, disposition, or change of use, including those that affect the Obligated Group, are held on an intermittent, and usually confidential, basis. As a result, it is possible that the assets currently owned by the Obligated Group may change from time to time, subject to the provisions in the financing documents that apply to merger, sale, disposition or purchase of assets. CHS evaluates affiliation opportunities as they arise. Any affiliation or other similar transaction would be completed in compliance with the covenants in the Master Indenture.

FACILITIES, SERVICES & OPERATIONS

THE OBLIGATED GROUP FACILITIES AND SERVICES

FCH, a Member of the Obligated Group, currently holds two acute care hospital licenses and owns and operates the CHS Hospitals. See "MARKET AND COMPETITION—COMPETING FACILITIES IN THE PRIMARY SERVICE AREA" for a map showing the locations of the CHS Hospitals.

Each of the FCH licensees, CRMC and CCMC, has received recognition for its patient and clinical outcomes. In its 2020 and 2021 rankings, Healthgrades recognized CRMC with its "Vascular Surgery Excellence Award," in connection with patient outcomes in abdominal aortic aneurysm repair, carotid surgery, and peripheral vascular bypass surgery. In its 2022 rankings, CRMC received the "Vascular Surgery Excellence Award" from Healthgrades for the third consecutive year and also received the Healthgrades "Pulmonary Care Excellence Award" in connection with treatment of chronic obstructive pulmonary disease and pneumonia. In its 2020 and 2021 rankings, Healthgrades recognized CCMC with its "Orthopedic Surgery Excellence Award" in connection with clinical outcomes in back and neck surgery, spinal fusion, hip fracture treatment, hip replacement, and total knee replacement. In its 2022 rankings, Healthgrades recognized CCMC with its "America's 100 Best Hospitals for Orthopedic Surgery Award" using the same criteria as its "Orthopedic Surgery Excellence Award", as well as the "Surgical Care Excellence Award" in connection with clinical outcomes in surgical care across 15 of the most common in-hospital surgical procedures including cardiac, vascular, joint replacement, prostate, spine, and gastrointestinal surgeries. Additional information on each of the CHS Hospitals is provided below.

Community Regional Medical Center. CRMC is a tertiary acute care facility located in Fresno, California that operates 685 beds. CRMC provides the Primary Service Area and Secondary Service Area with the following services: (i) the Central Valley's only Level I Trauma Center, (ii) the Community Regional Burn Center, (iii) a Level III neonatal intensive care unit, (iv) comprehensive inpatient and outpatient services, including technologically advanced medical/surgical specialties such as cardiovascular, neuroscience, orthopedics and women's and children's services, (v) the Community Family Birth Center, (vi) general and specialty intensive care units, (vii) the Leon S. Peters Rehabilitation Center, (viii) inpatient cancer treatment, (ix) pathology and clinical laboratory services, (x) dialysis treatment facilities, (xi) diagnostic radiology services, (xii) short stay surgery services, (xiii) a cardiovascular care unit, and (xiv) 24-hour emergency services. CRMC is also a teaching hospital that is affiliated with UCSF. The main campus of CRMC consists of a hospital building with five- and 10-story wings,

connected to a five-story trauma and critical care building. CRMC operates on a separate campus from FHSH, but pursuant to a single acute care hospital license.

Fresno Heart and Surgical Hospital. FHSH provides acute care services at a facility that operates 57 beds in all private rooms located in the City of Fresno overlooking Woodward Park in northeast Fresno. FHSH provides the Primary Service Area and Secondary Service Area with cardiology and cardiac surgery services, vascular surgery services, and bariatric and other minimally invasive surgery services. FHSH operates on a separate campus from CRMC, but pursuant to a single acute care hospital license.

Clovis Community Medical Center. CCMC is located in the City of Clovis, California (which is contiguous to the City of Fresno), where it serves the Primary Service Area and, to a lesser degree, the Secondary Service Area. The CHS campus in Clovis (the *"Clovis Campus"*) operates 208 beds and includes the main facility, which consists of an acute care hospital with a five-story tower and a three-story tower connected to an outpatient surgery/endoscopy/diagnostic center. The facility has all private rooms. The facility provides: (i) comprehensive medical and surgical capabilities, (ii) 24-hour emergency care, (iii) an intensive care unit, (iv) the Community Family Birth Center, (v) outpatient cancer treatment in the Community Cancer Institute, (vi) the Marjorie E. Radin Breast Care Center, (vii) short stay and inpatient surgical services, including robotics and advanced minimally invasive surgery, (viii) a Level II neonatal intensive care unit, (ix) pathology and clinical laboratory services, (x) advanced diagnostic and interventional radiology, and (xi) invasive and non-invasive cardiac services. Other facilities and services provided on the Clovis Campus include: (i) an outpatient wound care clinic with two Hyperbaric Oxygen chambers, (ii) an outpatient physical rehabilitation clinic, including lymphedema therapy and (iii) the H. Marcus Radin Conference Center, which provides a 214-seat auditorium and several other conference rooms and office space.

An expansion of the Clovis Campus is in progress, a portion of which is being financed with the proceeds of the Series 2021A Bonds. See "THE PROJECT AND CAPITAL EXPANSION PROGRAM" herein.

Additional Facilities. FCH also provides (i) behavioral health services at a 73-bed freestanding facility in northern Fresno known as the Community Behavioral Health Center (*"CBHC"*), (ii) subacute and skilled nursing services at a 106-bed freestanding facility in northern Fresno known as the Community Subacute and Transitional Care Center (*"CSTCC"*) and (iii) a variety of general and specialized outpatient health clinic services at the Deran Koligian Ambulatory Care Center, the East Medical Plaza and the North Medical Plaza located on the CRMC main campus.

Licensed and Operated Beds at the CHS Hospitals. Acute care beds are located at the CRMC main campus, FHSH, CBHC, and CCMC, and subacute and skilled nursing beds are located at CSTCC. Licensed and operated beds as of August 31, 2021 are set forth in the table below.

THE CHS HOSPITALS	AS OF AUGUST 31, 2021 LICENSED	OPERATED
CRMC campuses[(1)]	921	921
CCMC	208	208
TOTAL	1,129	1,129

(1) Includes 57 beds located at FHSH, 73 beds located at CBHC and 106 beds located at CSTCC.

INFORMATION TECHNOLOGY

Electronic Health Record. CHS has fully implemented the Epic electronic health record at all of its facilities. CHS continues to implement additional Epic modules to replace existing stand-alone sub-systems as well as maximize its use of the system. See "MEDICAL STAFF—PHYSICIAN ALIGNMENT STRATEGY" herein for additional information.

Cyber Security. CHS has implemented technologies to strengthen its core cyber security capabilities including advanced threat detection, data loss prevention, two-factor authentication for remote access and security event and incident management systems. Servers, storage, networking and endpoint devices are regularly replaced or updated to support current operating systems and malware protection capabilities.

ACCREDITATIONS, MEMBERSHIPS AND LICENSES

Each of the CHS Hospitals is appropriately licensed by the State of California for the level of care provided and is certified to participate in the Medicare program. The CHS Hospitals have each been fully accredited by The Joint Commission.

NURSE STAFFING

There is a nursing shortage in the nation and the State of California and the number of new graduate nurses both locally and nationwide is inadequate to fill the shortage at this juncture. Similar to the rest of the nation, the County and surrounding counties are experiencing shortages of experienced nurses. CHS's registered nurse (*"RN"*) average vacancy rate was 6.7% for the 12 months ended August 31, 2021 compared to the Advisory Board 50th percentile of 5.6%, and RN turnover rate was 28.3% compared to the Advisory Board 50th percentile of 18.6%. CHS's bedside RN workforce in full-time and part-time roles has grown 3% since 2017 to meet CHS's expanding bed and service capacity. To address the growing need, as well as to address the experienced nurse shortage, CHS has implemented several system-wide initiatives. The organization has expanded the nurse residency program for new graduate nurses and continues to promote the retention of its experienced nurses in the clinical ladder. To achieve CHS's recruiting and retention goals, CHS is focusing its recruitment and retention efforts on reducing agency use and keeping the existing staff engaged, on excelling in patient care quality and safety improvements, on monitoring salaries to remain competitive to the market, and on highlighting technology tools and state of the art facilities.

EMPLOYMENT

As of August 31, 2021, CHS employed 9,052 persons with a full-time equivalency of 7,672, including part time and temporary personnel. Management believes that the salaries and benefits offered to employees are competitive and that relations with employees are satisfactory.

UNIONS

FCH currently has one union contract, which covers 20 individuals and expires on June 30, 2023. Negotiations with respect to renewal of this contract are expected to commence in the spring of 2023.

PENSION PLAN

CHS has a contributory defined contribution plan that covers 60% of currently eligible employees including all new employees hired January 1, 2017 or later.

CHS has a contributory defined benefit cash balance pension plan that covers 40% of currently eligible employees. Employees must have been hired prior to January 1, 2017 and have elected not to move to the defined contribution plan as of that date. Employees of CHS become eligible to participate in the plan on January 1 or July 1 following the completion of 1,000 hours and one year of service.

For more information on each of the defined contribution and defined benefit plans, see Note 9 to the audited consolidated financial statements appearing in Appendix B.

COMMUNITY BENEFITS

CHS operates healthcare facilities that provide healthcare to patients regardless of their ability to pay. CHS also provides services under the Medi-Cal program which does not provide reimbursement for the full costs of the care provided. In addition, CHS maintains a medical education program and other programs for the benefit of the community. Based on CHS internal calculations, the total amount of community benefits provided (net of supplemental funding from government sources and valued at cost) in fiscal year 2021 was $231.3 million. In addition to unpaid costs of the Medi-Cal program and the medical education program, CHS provides charity care, nursing education and contributions and outreach programs for the benefit of the community.

THE PROJECT AND CAPITAL EXPANSION PROGRAM

THE PROJECT

The proceeds of the Series 2021A Bonds will be used to finance or reimburse the Members of the Obligated Group for a portion of the cost of the expansion of CCMC, including construction of a new tower containing inpatient beds, expansion of the emergency department, expansion of the surgery department, addition of a Heart and Lung Institute, expanded support services and purchase of certain equipment. The total construction and equipment budget for this portion of the CCMC expansion is $385 million (with a $284 million guaranteed maximum price for construction). The expansion also includes a parking garage and general services building that are complete and will not be financed from proceeds of the Bonds.

The primary components of the expansion are:

i. Construction of a 5-story, 131,000 square foot bed tower containing 144 private inpatient beds, including 120 medical/surgical and 24 intensive care unit beds;

ii. Creation of a Heart and Lung Institute within the hospital by adding 3 cardiac catheterization labs, 2 cardiac operating rooms and 1 hybrid operating room as well as renovation of existing space;

iii. Expansion of the emergency department by adding 12 additional beds plus expanding the waiting area;

iv. Expansion and renovation of the surgical department by adding 6 additional operating rooms; and

v. Expansion of support services including the kitchen and dining area, materials management and expansion of the main lobby and registration.

The majority of the Project is expected to be complete and operational in the summer of 2022, with the Heart and Lung Institute to follow in the fall of 2022. Through August 31, 2021, CHS has spent approximately $258 million on the Project from operating cash and expects to reimburse approximately $231 million from the proceeds of the Series 2021A Bonds. The remainder of the Project will be paid from CHS's revenues from operations and cash and investments.

CAPITAL EXPANSION PROGRAM

CHS's present five-year capital plan, as updated in August 2021 (the *"CHS Capital Plan"*), includes the completion of the CCMC expansion, construction of an Ambulatory Surgery Center in the City of Fresno and an Ambulatory Endoscopy Center in the City of Clovis, the purchase of routine equipment and retrofitting/remodeling of existing buildings. The CHS Capital Plan also includes the construction of a skilled nursing facility, however the changes caused by the novel coronavirus (*"COVID-19*") pandemic have caused CHS to reconsider the scope and timing of this project. The CHS Capital Plan reflects the strategic focus on outpatient care, while also considering future capacity needs on its hospital campuses, taking into consideration the community need for services, age and seismic status of its buildings and financial resources as well as the future healthcare reimbursement environment.

Commencement of a specific capital improvement project within the CHS Capital Plan requires funding approval of the governing boards of the Members of the Obligated Group. As of the date of this Official Statement, the governing boards have approved funding for some of the projects that are listed in the CHS Capital Plan, including the Project to be completed with the proceeds of the Series 2021A Bonds and CHS's cash and investments. The funding for the CHS Capital Plan (currently estimated at approximately $499 million) is expected to be paid from fundraising, proceeds of the Series 2021A Bonds (for purposes of funding the Project), and operating cash flow over the next five years.

The Boards of the Members of the Obligated Group periodically review and revise the CHS Capital Plan. It is likely that, as a result of such review and revision, projects and projected expenditures will be added and removed from the CHS Capital Plan. Such changes could be significant, and additional funding sources, including incurrence of debt, may be identified.

MARKET AND COMPETITION

FRESNO COUNTY AND THE LOCAL ECONOMY

The County is located in central California approximately 185 miles southeast of San Francisco and approximately 219 miles north of Los Angeles. The County covers approximately 6,000 square miles and includes 16 incorporated cities (including the City of Fresno and the City of Clovis). As of 2021, the County's estimated population was 1,026,681, which reflects a population growth rate of 0.6% from 2020 and 2.8% from 2019. The year-over-year increase from 2020 to 2021 exceeds the 0.5% statewide rate of population decline for the same year, according to the State of California, Department of Finance, May 2021 report based on the 2021 estimated population numbers. According to the Department of Finance data, the County is the tenth largest county in California, and the City of Fresno is the fourth largest city in California. CHS is the largest private employer in the County. Other large employers in the County include the Fresno Unified School District, the Clovis Unified School District, Sun Maid Growers, Gap Pacific Distribution Center, Kaiser Permanente Fresno Medical Center, Saint Agnes Medical Center, the Fresno Police Department, and Pleasant Valley State Prison.

As shown on the tables below, from 2017 through 2019 (the most recent year data from the United States Census Bureau's American Community Survey are available), populations for the County, the City of Clovis, and the City of Fresno increased consistently each year, while median household income trended upward. The unemployment rate for the County remained approximately stable over the same time period, as the City of Clovis's unemployment rate increased, and the City of Fresno's unemployment rate decreased. The City of Clovis—the location of the Project—has a higher median household income and a lower unemployment as compared with the each of the County and the City of Fresno.

Fresno County Demographic Information

	2017	2018	2019
Population	989,255	994,400	999,101
Median Household Income	$51,800	$52,629	$57,518
Unemployment Rate	8.2%	8.1%	8.3%

Source: United States Census Bureau, American Community Survey. Data beyond 2019 not available.

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City of Clovis Demographic Information

	2017	2018	2019
Population	109,700	112,019	114,852
Median Household Income	$78,146	$74,432	$89,398
Unemployment Rate	4.7%	5.5%	5.4%

Source: United States Census Bureau, American Community Survey. Data beyond 2019 not available.

City of Fresno Demographic Information

	2017	2018	2019
Population	527,422	530,073	531,581
Median Household Income	$48,600	$49,813	$53,161
Unemployment Rate	9.2%	9.0%	8.2%

Source: United States Census Bureau, American Community Survey. Data beyond 2019 not available.

COMPETING FACILITIES IN THE PRIMARY SERVICE AREA

The CHS Hospitals accounted for approximately 55% of the market share in the Primary Service Area (as measured by patient discharges) during the three-year period ended December 31, 2020. See the tables below entitled "Total Discharges of Primary Service Area Hospitals" and "Market Share Percentages Based on Total Discharges" for further information.

CHS has identified four principal acute care competitors of the CHS Hospitals in the Primary Service Area: Saint Agnes Medical Center, Valley Children's Hospital, Kaiser Foundation Hospital – Fresno, and Fresno Surgical Hospital, an acute care hospital.

The map on the following page shows CHS's facilities and those of its acute care competitors identified above.

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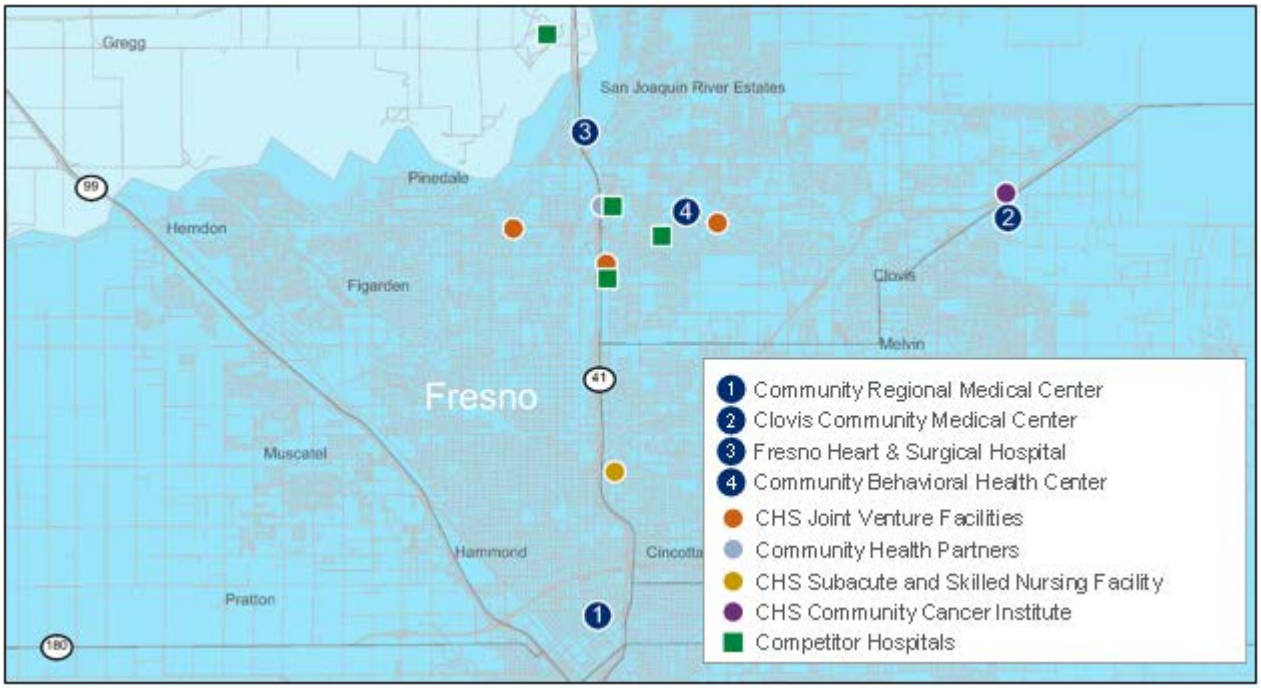

Set forth below is discharge market share data for the CHS Hospitals and the principal acute care competitors identified above, calculated by CHS using publicly available information for the calendar years set forth below.

Total Discharges of Primary Service Area Hospitals[(1)]

	CALENDAR YEAR ENDED DECEMBER 31,		
	2018	2019	2020
The CHS Hospitals	***54,886***	***55,053***	***52,495***
Saint Agnes Medical Center	24,402	23,816	20,870
Valley Children's Hospital	11,892	12,142	10,192
Kaiser Foundation Hospital – Fresno	8,081	8,411	8,528
Fresno Surgical Hospital	1,790	1,786	1,582
TOTAL	101,051	101,208	93,667

(1) Excludes San Joaquin Valley Rehabilitation Hospital (a rehabilitation facility), which had annual discharge levels over the five years indicated ranging from 1,320 to 1,688, and Fresno Veterans Administration Medical Center, for which such data is not reported.

Source: Compiled by CHS from Department of Health Care Access and Information quarterly individual hospital data for California.

Market Share Percentages Based on Total Discharges

	CALENDAR YEAR ENDED DECEMBER 31,		
	2018	2019	2020
The CHS Hospitals	***54.3%***	***54.4%***	***56.0%***
Saint Agnes Medical Center	24.1	23.5	22.3
Valley Children's Hospital	11.8	12.0	10.9
Kaiser Foundation Hospital – Fresno	8.0	8.3	9.1
Fresno Surgical Hospital	1.8	1.8	1.7
TOTAL	100.0%	100.0%	100.0%

Source: Compiled by CHS from Department of Health Care Access and Information quarterly individual hospital data for California.

HISTORICAL UTILIZATION

HISTORICAL UTILIZATION

The following tables set forth the historical utilization statistics of the CHS Hospitals for the fiscal years ended August 31, 2019, 2020 and 2021.

Summary of Historical Utilization – the CHS Hospitals

	FISCAL YEAR ENDED AUGUST 31,		
	2019	2020	2021
Average Licensed Beds	1,123	1,129	1,129
Average Operated Beds	1,123	1,129	1,129
Occupancy based on Operated Beds	84%	81%	87%
Total Discharges	54,878	52,560	54,700
Total Patient Days[(1)]	343,679	336,334	357,697
Average Length of Stay Based on Discharges	6.26	6.40	6.54
Total Outpatient Visits (excluding Home Health)	317,117	294,983	292,871
Total Home Health Visits	61,221	65,616	71,127
Total Surgeries	30,866	26,924	28,943
Emergency Department Visits	182,388	172,718	159,540
Acute Average Daily Census	785	763	846

(1) Excludes newborn nursery (well-baby) days.
Source: CHS.

In addition, in the past twelve months, CHS provided 8,000-10,000 telemedicine visits per month, both through CHS owned and operated clinics, as well as through physician groups that utilize CHS's Epic implementation (the *"CHS-Supported Physician Groups"*). While the majority of telemedicine visits occurred through the CHS-Supported Physician Groups, CHS-owned and

operated clinics' share of total telemedicine visits has grown since the start of the COVID-19 pandemic in March 2020.

MEDICAL STAFF

MEDICAL STAFF

As of August 31, 2021, the Medical Staff had a combined 1,097 "active" and "associate" members with admitting privileges (*"admitting staff"*). "Active" signifies involvement in a minimum of 100 patient care activities per two-year period, and "associate" signifies involvement in at least one patient care activity in a one-year period. Of the 1,097 admitting staff, 945 (86%) were board certified in one or more specialties. The average age of the admitting staff was 51 years, and approximately 14% of the admitting staff were over 64 years old. For the 12-month period ended August 31, 2021, admissions by the top 10 admitting physicians accounted for approximately 17% of total admissions to the CHS Hospitals.

Under the CHS Medical Staff Bylaws, each medical staff clinical discipline is divided into clinical departments, some of which are divided further into sub-sections. Each clinical department is organized as a separate component of the medical staff and is administered by a chairperson. The FCH medical staff departments include Anesthesia, Cardiology, Emergency Medicine, Family Medicine, Medicine, OB/GYN, Pediatrics, Radiology, Surgery and Clinical Specialties (including clinical psychology, pathology, physical medicine/rehabilitation, and psychiatry). The Medical Staff members serve on medical executive committees and Board subcommittees at their respective hospitals.

PHYSICIAN ALIGNMENT STRATEGY

In 2020, the Boards took steps to develop a new physician strategy within the system via the Community Provider Network (*"CPN"*). CPN is not a legal entity, but rather a brand name to describe CHS's relationship with physicians through several different mechanisms, including the following elements described below:

CHP. Until it formed CHP in 2020, CHS had not established a medical foundation of its own, and the medical staff of the CHS Hospitals was composed entirely of community physicians, some of whom were affiliated with a medical foundation not controlled by CHS. In 2020, CHS formed CHP as its wholly owned medical foundation in order to establish stronger relationships with the members of the medical staff. CHP began operations in November 2020 and, as of August 31, 2021, contracts with 120 physician and non-physician providers in 12 clinics and the CHS Hospitals in the specialties of Neurosurgery, Spine Surgery, Specialty Surgery, Anesthesiology, Medical Oncology, Gyn-Oncology, Perinatology and Internal Medicine.

Electronic Health Record ("EHR"). CHS has fully implemented the Epic EHR at its facilities and has worked with local physicians to implement Epic in their medical practices. Nearly 400 providers (including all CHP providers) have completed the implementation, are operating under CHS's Epic license and are using the CHS instance of the Epic EHR, which allows

all users access to the same database. This provides a linkage to CHS for scheduling and test results and allows the provider to see the patient's complete hospital medical record in their office.

Private and Teaching Physicians. CHS has an association with the IPA, which has approximately 1,200 providers, making it the largest independent practice association in the area. In addition, CHS also has an association with the Central California Faculty Medical Group – their 230 physicians provide specialty care services and faculty for the teaching program at CRMC.

MEDICAL EDUCATION AND RESIDENCY PROGRAM

CRMC is the principal teaching hospital of UCSF in the Central Valley. During the 2021-2022 academic year, a total of 260 residents, 42 fellows and 10 non-accredited fellows from UCSF are expected to train in the following areas: Acute Care Surgery; Cardiovascular Disease; Emergency Medicine; Emergency Medicine Education; Family and Community Medicine; Gastroenterology; Human Immunodeficiency Virus; Hospice and Palliative Care; Infectious Disease; Internal Medicine; Interventional Cardiology; Maternal Child Health; Minimally Invasive Surgery; Obstetrics/Gynecology; Orthopaedics; Pediatrics; Psychiatry; Psychosomatic Medicine; Sleep Medicine; Surgery; Surgery Critical Care; Ultrasound; and Wilderness Medicine. In addition, a total of 11 residents from CRMC's General Dentistry sponsored program and 16 Oral and Maxillofacial Surgery residents from the UCSF Fresno program are expected to train in General Dentistry. The number of residents and the areas in which they train has historically remained relatively constant from year to year. According to UCSF, approximately 50% of UCSF Fresno physicians stay in the Central Valley after their training is complete.

CHS also supports a fully accredited educational program affiliated with California State University, Fresno, by providing clinical experience to its nursing, physical therapy, occupational therapy, speech therapy and dietetic students at the CHS Hospitals. Additionally, CHS provides clinical experience to Fresno City College's nursing, respiratory care practitioner and radiology technology students. CHS also provides clinical experience to students in the San Joaquin Valley College nursing and surgical technician programs, West Hills Community College nursing program, and Fresno Adult School and Clovis Adult School Licensed Vocational Nurse programs. CHS also sponsors students in other colleges and universities for experience as nurse practitioners, physician assistants, pharmacists, and pharmacy technicians, as well as for careers in health information technology and genetic counseling programs.

Each of the CHS Hospitals also conducts educational programs for physicians, nurses, technicians, management personnel, employees and the public. In addition, CHS sponsors health promotion and education programs for its employees and members of the community in various areas, including asthma, diabetes, nutrition and weight control, stress management, health and wellness, and smoking cessation. CHS is an active partner in several community service projects supporting education in health careers for high schools and other community groups.

SUMMARY OF FINANCIAL INFORMATION

FINANCIAL INFORMATION

Pursuant to GAAP, the consolidated financial statements for CHS for the fiscal years ended August 31, 2020, and 2021 which are included in Appendix B to this Official Statement, include CHCC and each of its controlled affiliates. Certain controlled affiliates are not Members of the Obligated Group (see "INTRODUCTORY STATEMENT—CORPORATE ORGANIZATION–Non-Obligated Affiliates of CHS" below for additional information concerning these affiliates). Such affiliates are not obligated to pay debt service on the Bonds or with respect to Obligation Nos. 12 and 13. All financial results set forth herein and in Appendix B (except where otherwise disclosed) are reported for CHS as a whole, including such Non-Obligated Affiliates.

In the fiscal year ended August 31, 2021, CHS had consolidated net patient service revenue and premium revenue (also known as capitation revenue) of approximately $1.85 billion and total revenues of approximately $2.02 billion. Net patient service revenue includes supplemental funding comprised of funds provided under California State Senate Bill 855 (*"SB855"*) and from the California Private Hospital Supplemental Fund under California State Senate Bill 1100 (the *"California Private Hospital Supplemental Fund"*) for disproportionate share hospitals. Net patient service revenue also includes revenue from the California Hospital Fee Program, referred to as the Provider Fee (*"Provider Fee"*). The excess of revenues, gains, and other support over expenses for CHS was approximately $64.2 million for the fiscal year ended August 31, 2021.

During the fiscal year ended August 31, 2021, the Members of the Obligated Group represented approximately 95% of total revenues, 151% of excess of revenues, gains, and other support over expenses and 97% of total assets of CHS as a whole.

SUMMARY OF BALANCE SHEETS AND OPERATIONS

The condensed consolidated balance sheets and statements of operations for the fiscal years ended August 31, 2019, 2020 and 2021, as shown in the tables, have been derived from the audited consolidated financial statements of CHS. This summary should be read in conjunction with "MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL PERFORMANCE" herein and the audited consolidated financial statements, notes and auditor's report set forth in Appendix B hereto.

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Condensed Consolidated Balance Sheets of CHS
(Dollars in Thousands)

	Fiscal Year Ended August 31,		
	2019	2020	2021
Assets			
Current assets:			
Cash and equivalents	$143,340	$168,555	$79,139
Short-term investments	17,150	113,844	15,906
Patient accounts receivable, net	270,308	257,365	330,577
Other current assets	122,646	132,668	179,146
Total current assets	553,444	672,432	604,768
Assets limited as to use	663,129	725,497	967,726
Property, plant, and equipment, net	986,438	1,045,520	1,159,480
Right-of-use assets	-	45,897	41,080
Net pension benefit asset	-	-	10,226
Other assets	138,362	122,031	120,181
Total assets	$2,341,373	$2,611,377	$2,903,461
Liabilities and net assets			
Current liabilities:			
Accounts payable	$69,883	$81,644	$120,742
Other current liabilities	337,540	370,454	482,452
Lease liabilities short-term	-	5,289	5,581
Current maturities of long-term debt	11,905	10,504	11,210
Total current liabilities	419,328	467,891	619,985
Long-term debt, less current maturities	532,887	512,455	644,854
Lease liabilities long-term	-	41,064	36,023
Pension and other long-term obligations	57,296	156,736	73,039
Net assets			
Without donor restrictions	1,302,198	1,402,645	1,496,881
With donor restrictions	29,664	30,586	32,679
Total net assets	1,331,862	1,433,231	1,529,560
Total liabilities and net assets	$2,341,373	$2,611,377	$2,903,461

Condensed Consolidated Statements of Operations Information of CHS
(Dollars in Thousands)

	Fiscal Year Ended August 31,		
	2019	2020	2021
Net patient service revenues	$1,625,877	$1,578,463	$1,711,611
Supplemental funding[(1)]	58,152	69,013	73,393
Premium revenues	42,699	64,170	64,077
Investment income	27,459	46,307	81,186
Other revenues	68,249	99,225	85,837
Total revenues	1,822,436	1,857,178	2,016,104
Salaries, supplies, outside services and other	1,579,864	1,663,732	1,859,349
Interest	20,922	17,062	14,260
Depreciation and amortization	80,447	79,618	78,335
Total expenses	1,681,233	1,760,412	1,951,944
Excess of revenues, gains and other support over expenses	141,203	96,766	64,160
Net assets released from restrictions for equipment acquisition	3,123	5,032	1,044
Change in pension obligation[(2)]	(26,616)	(1,351)	29,032
Change in net assets without donor restrictions	$117,710	$100,447	$94,236

(1) Supplemental funding consists of State and local government programs for which reimbursement is not directly based on patient volume, such as funds provided under SB855, funds provided from the California Private Hospital Supplemental Fund for disproportionate share hospitals and funding from Proposition 99 for certain emergency medical services. These amounts are included in net patient service revenue in the audited consolidated financial statements. See the discussion under "— Summary of Operating Results – Sources of Net Revenue" below for additional information.

(2) See the discussion at Note 9 in the consolidated financial statements included as Appendix B.

Source: CHS.

Summary of Operating Results – Sources of Net Revenue

The following table sets forth the sources of net patient service revenue by type of payor as an approximate percentage of total net patient service revenue for the CHS Hospitals for each of the three fiscal years ended August 31, 2019, 2020 and 2021.

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Sources of Net Patient Service Revenue by Percentage[1]

	Fiscal Year Ended August 31,		
	2019	2020	2021
The CHS Hospitals:			
Medicare[2]	32%	32%	34%
Medi-Cal/Medicaid[3]	31	31	25
Contracted Managed Care	34	33	37
Commercial, Self-Pay, Other	0	0	0
Supplemental Funding[4]	3	4	4
Total	100%	100%	100%

(1) Includes net patient service revenues, supplemental funding and premium (capitation) revenues. Percentages have been rounded.
(2) Includes managed Medicare, also known as Medicare Advantage.
(3) Includes managed Medi-Cal. Also includes revenue from the Provider Fee Program (defined below). For a description of the revenue and net benefit from the Provider Fee Program, see the discussion under "—Hospital Fee Program" below.
(4) For an explanation of supplemental funding, see the discussion under "—Supplemental Funding—Medi-Cal" below.
Source: CHS.

Supplemental Funding – Medi-Cal. Inpatient services rendered to Medi-Cal program beneficiaries are reimbursed primarily at prospectively determined rates per diagnosis. Additionally, CHS is allocated certain funds available from a pool of State of California funds for disproportionate share hospital services under both SB855 and the California Private Hospital Supplemental Fund based on an annual determination of eligibility. SB855 funds and funds from California Private Hospital Supplemental Fund are intended to provide additional funding to hospitals that provide services to a disproportionate share of Medi-Cal and low-income patients. Amounts to be received in future years, if any, are subject to annual determination of eligibility. CHS is currently capped at an estimated $52.9 million annually for SB855 funds (adjusted annually for inflation and throughout the year for other factors), while funds from the California Private Hospital Supplemental Fund are determined based on annual allocations.

For fiscal years 2019, 2020 and 2021, CHS recognized SB855 revenue of approximately $48.5 million, $52.5 million and $62.4 million, respectively, and revenue from the California Private Hospital Supplemental Fund of approximately $9.6 million, $16.4 million, and $11.0 million, respectively.

Hospital Fee Program. In November 2009, the California Hospital Fee Program (the *"Provider Fee Program"*) was signed into California state law, and, in November 2016, the Provider Fee Program was extended indefinitely, subject to approval by the Centers for Medicare and Medicaid Services. The Provider Fee Program provides supplemental Medi-Cal payments to certain California hospitals. The program is funded by a quality assurance fee paid by participating hospitals and by federal matching funds. Hospitals receive supplemental payments from either the California Department of Health Care Services (*"DHCS"*), managed care plans or a combination of both. Hospitals that are net beneficiaries of the Provider Fee Program also contribute to the California Health Foundation and Trust (*"CHFT"*) whose purposes include aggregating and distributing financial resources to support charitable activities at various hospitals and health

systems in California. The CHS Hospitals participate in the Provider Fee Program and pay both the quality assurance fee and the CHFT pledge which are recorded in other expenses. The CHS Hospitals receive supplemental payments from both DHCS and managed care plans which are recorded in net patient service revenue. The program is subject to CMS approval. For more information on the Hospital Fee Program, see "BONDHOLDERS' RISKS—OBLIGATED GROUP IS DEPENDENT UPON THIRD PARTY PAYOR REIMBURSEMENT AND COULD BE ADVERSELY AFFECTED BY REIMBURSEMENT REDUCTIONS, DELAYS, OR FAILURE TO NEGOTIATE FAVORABLE CONTRACTS—Medi-Cal—California Hospital Fee Program" in the forepart of this Official Statement.

Provider Fee Program
(Dollars in Thousands)

	FISCAL YEAR ENDED AUGUST 31,		
	2019	2020	2021
Revenue	$261,406	$267,504	$188,081
Expenses	99,125	134,414	108,168
Net Provider Fee Program Benefit	$162,281	$133,090	$79,913[(1)]

(1) There is approximately $70.4 million of net funding, consisting of approximately $84.7 million of revenues and $14.3 million of expenses, that would have otherwise been attributable to fiscal year 2021 that has not been reported because CMS has not accepted the rate package. For more information on the Provider Fee Program, see "BONDHOLDERS' RISKS—OBLIGATED GROUP IS DEPENDENT UPON THIRD PARTY PAYOR REIMBURSEMENT AND COULD BE ADVERSELY AFFECTED BY REIMBURSEMENT REDUCTIONS, DELAYS, OR FAILURE TO NEGOTIATE FAVORABLE CONTRACTS—Medi-Cal—California Hospital Fee Program" in the forepart of this Official Statement.

Commercial Third-Party Payors. The Obligated Group has approximately 25 managed care contracts that include commercial health maintenance organization (*"HMO"*), Medicare HMO, Medi-Cal HMO, preferred provider organization ("*PPO"*) and exclusive provider organization contracts. The largest commercial health plan is the Anthem Blue Cross PPO, which generates approximately 15.6% of the Obligated Group's net patient service revenue. The current agreement with the Anthem Blue Cross PPO terminates December 31, 2022 and management anticipates commencing negotiations for a renewal term in 2022. No other contract with a third-party commercial payor represents more than 7% of the Obligated Group's net patient service revenue. The Obligated Group's contracts with managed care payors are generally no more than three years in length, and many are subject to automatic renewal at the end of the term. The Obligated Group cannot predict the outcome of future negotiations with managed care payors as contracts expire. As of the date of this Official Statement, there are no managed care contracts under termination notice.

For a discussion of risks related to patient revenue, see "BONDHOLDERS' RISKS—OBLIGATED GROUP IS DEPENDENT UPON THIRD PARTY PAYOR REIMBURSEMENT AND COULD BE

ADVERSELY AFFECTED BY REIMBURSEMENT REDUCTIONS, DELAYS, OR FAILURE TO NEGOTIATE FAVORABLE CONTRACTS" in the forepart of this Official Statement.

OUTSTANDING LONG-TERM DEBT

The Obligated Group has previously incurred and had outstanding as of August 31, 2021: (i) revenue bonds executed and delivered for its benefit in July 2015 (the *"2015 Bonds"*); (ii) revenue bonds executed and delivered for its benefit in February 2017 (the *"2017 Bonds"*); (iii) a term loan from Wells Fargo Bank, National Association (*"Wells Fargo"*) (which loan has since been paid in full, the *"Wells Fargo Term Debt"*); (iv) a non-revolving line of credit from Wells Fargo (which non-revolving line of credit has since been paid in full, the *"Wells Fargo Line of Credit"*); (v) a revolving line of credit agreement with Wells Fargo, secured by Obligation No. 6, that allows borrowing up to $40 million but has no outstanding balance at the date of this Official Statement and (vi) various other notes and finance leases.

CHS Outstanding Long-Term Debt
(Dollars in Thousands)

	OUTSTANDING AGGREGATE AMOUNT AS OF AUGUST 31, 2021
2015 Bonds[(1)]	$116,150
2017 Bonds	363,290
Wells Fargo Term Debt[(2)]	140,000
Wells Fargo Line of Credit[(2)]	5,000
All other notes and finance leases [(3)]	8,728
Total Principal	$633,168
2015 Bonds (Original Issue Premium)	5,924
2017 Bonds (Original Issue Premium)	25,255
Unamortized debt issuance costs	(2,273)
Total Long-Term Debt	$662,074

(1) Expected to be prepaid or reimbursed with a portion of proceeds from the sale of the Series 2021B Bonds. See "PLAN OF FINANCE" in the forepart of this Official Statement.
(2) Since August 31, 2021, CHS repaid the Wells Fargo Term Debt and the Wells Fargo Line of Credit.
(3) Not secured by an Obligation issued under the Master Indenture.
Source: CHS.

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HISTORICAL AND PROFORMA MAXIMUM ANNUAL DEBT SERVICE COVERAGE

The table below sets forth the maximum annual debt service requirement and coverage for CHS for fiscal years ended August 31, 2019, 2020 and 2021. The information set forth in the column for the fiscal year ended August 31, 2021 Pro Forma has been adjusted to reflect the issuance of the Bonds in an aggregate principal amount of $438,770,000 and the application of such proceeds to finance the prepayment of all outstanding 2015 Bonds. See "PLAN OF FINANCE" in the forepart of this Official Statement.

Maximum Annual Debt Service Coverage
(Dollars in Thousands)

	Fiscal Year Ended August 31,				
	2019 Actual	2020 Actual	2021 Actual	2021 Pro Forma[1]	2021 Adjusted[2]
Income Available for Debt Service[3]	$235,357	$168,723	$108,175	$108,175	$178,573
Maximum Annual Debt Service Requirement[4]	41,965	41,965	41,965	47,966	41,965
Maximum Annual Debt Service Coverage Ratio	5.61x	4.02x	2.58x	2.26x	4.26x

(1) Does **not** include any adjustments to Income Available for Debt Service that are shown in the "2021 Adjusted" column.

(2) Adjusted Income Available for Debt Service reflects the inclusion of $70.4 million of net funding, consisting of approximately $84.7 million of revenues and $14.3 million of expenses, that would have otherwise been attributable to fiscal year 2021 that has not been reported because CMS has not accepted the rate package. See "SUMMARY OF FINANCIAL INFORMATION — Summary of Operating Results – Sources of Net Revenue — Hospital Fee Program" herein.

(3) Calculated in accordance with the Amended and Restated Master Indenture. Includes income of Immaterial Affiliates (as such term is defined in the Master Indenture), which include Community Hospitals of Central California Foundation, Community Insurance Services Company, Community Care Health Plan, Community Health Partners and Community Health Enterprises. See Section 3.11—"Filing of Financial Statements, Certificate of No Default, Other Information" in APPENDIX C-4.

(4) Calculated in accordance with the Amended and Restated Master Indenture. Includes debt service requirements on all debt secured by an Obligation issued under the Master Indenture and all other notes and finance leases. In calculating the maximum annual debt service requirement, 100% of the debt service on the Wells Fargo Term Debt has been included, but, as permitted under the Amended and Restated Master Indenture, such debt service has been smoothed over a period of 30 years. See the definition of "Maximum Annual Debt Service" in APPENDIX C-4.

Source: CHS.

LIQUIDITY AND CAPITAL EXPENDITURES

Major capital expenditures over the prior five-year period included the expansion of the CCMC campus, construction of the Community Cancer Institute, construction of a medical office building and parking structure on the CRMC campus and a twelve bed expansion of CBHC. The primary source of funding was the proceeds of the Series 2017 Bonds, CHS's cash and investments and cash generated from operations including Provider Fee. Routine expenditures during the five-year period were funded from cash generated from operations and averaged $46.5 million per year. See "THE PROJECT AND CAPITAL EXPANSION PROGRAM" above for a description of certain of CHS's future capital plans.

The liquidity position of CHS, defined by management to include cash and cash equivalents, short-term fixed investments and long-term investments, as of August 31, 2021 was

approximately $1.004 billion, including approximately $79.1 million in operating cash and approximately $924.9 million in unrestricted investments stated at fair market value. The liquidity position as of August 31, 2021 represents a 5.0% increase over the $956.3 million available as of August 31, 2020. The increase is due primarily to $145.0 million in loan proceeds and $142.4 million net cash inflows from the Provider Fee, partially offset by the purchase of property, plant and equipment.

Liquidity Position
(Dollars in Thousands)

	FISCAL YEARS ENDED AUGUST 31,		
	2019	2020	2021
Cash and Cash equivalents	$143,340	$168,555	$79,139
Short-term fixed investments	17,150	113,844	15,906
Long-term fixed investments[(1)]	616,542	673,896	908,971
Total unrestricted cash and investments[(2)]	$777,032	$956,295	$1,004,016
Days cash on hand [(3)]	177.2	208.2	195.6
Days cash on hand without provider fee expense[(4)]	188.9	226.3	207.6

(1) Long-term investments includes board designated assets, as set forth on the consolidated balance sheet in the audited financial statements. See Appendix B—"AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF COMMUNITY HOSPITALS OF CENTRAL CALIFORNIA AND AFFILIATED CORPORATIONS DBA COMMUNITY HEALTH SYSTEM FOR THE FISCAL YEARS ENDED AUGUST 31, 2021 AND 2020."

(2) These figures include $17,154,000, $25,245,000 and $20,623,000 owned by CHS affiliates that are not Members of the Obligated Group, as of August 31, 2019, 2020, 2021, respectively. The Obligated Group expects to apply approximately $231 million of Series 2021A Bond proceeds to reimburse itself for previously incurred Project costs originally funded with the Obligated Group's operating cash. See "THE PROJECT AND CAPITAL EXPANSION PROGRAM—THE PROJECT" herein.

(3) Total unrestricted cash and investments, divided by the calculation of total operating expenses, minus depreciation and amortization divided by the number of days in the operating period.

(4) Total unrestricted cash and investments, divided by the calculation of total operating expenses, minus provider fee expense, depreciation and amortization divided by the number of days in the operating period.

SOURCE: CHS.

INVESTMENT POLICY

For each of the three fiscal years ended August 31, 2019, 2020 and 2021, CHS generated investment income of approximately $27.5 million, $46.3 million, and $81.2 million, respectively. The fluctuations in investment income primarily reflected changes in market conditions and in investment balances, rather than a significant change in investment policy.

CHS has adopted a single, unified investment policy governing all CHS entities. Permitted investments include, but are not limited to, equity securities of domestic and non-United States corporations, equity mutual funds, exchange traded funds, fixed income securities, fixed income mutual funds, certificates of deposit and liquid alternative mutual funds. The target allocation for non-pension funds is:

Equities:	10% minimum; 40% maximum
Fixed income:	50% minimum; 80% maximum
Alternatives:	0% minimum; 15% maximum

As of September 30, 2021, the allocation for non-pension funds was 27.3% equities, 62.6% fixed income, 7.1% alternatives, and 3.0% cash.

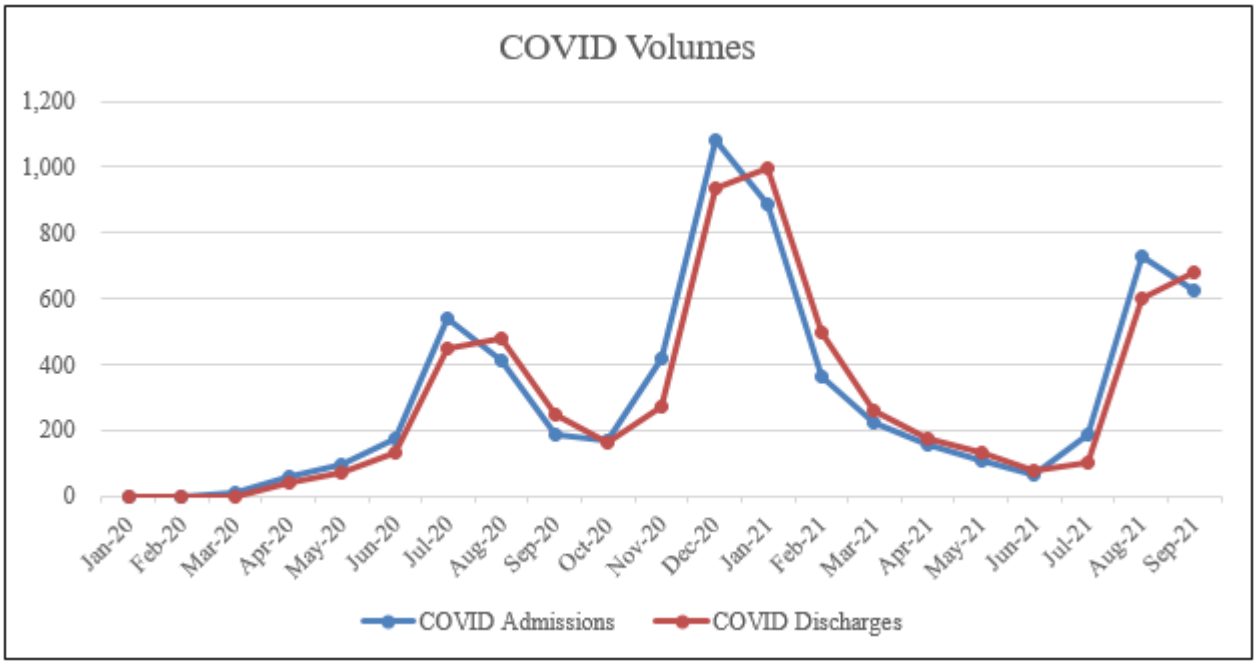
The Investment Subcommittee of the Finance & Planning Committee of CHS oversees the investment of funds in accordance with the investment policy. Investments are the responsibility of the Chief Financial Officer of CHS. See "INTRODUCTORY STATEMENT — GOVERNING BOARDS" herein. This responsibility includes the authority to select investment advisers, open accounts with brokers, and establish safekeeping accounts or other arrangements for the custody of securities and to execute such documents as may be necessary.

The ability of the Members of the Obligated Group to continue to generate investment income depends on, among other things: (i) their ability to generate cash from operations in excess of capital expenditures, (ii) market conditions and (iii) the composition of their investment portfolios. The value of the investment portfolios has fluctuated significantly from time to time and will fluctuate in the future depending on the value of the underlying securities. Changes in the level of investment earnings may have a significant effect on the overall financial condition of the Obligated Group. There can be no guarantee as to future investment earnings.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL PERFORMANCE

IMPACT OF THE COVID-19 PANDEMIC

Like healthcare providers across the country, CHS responded to the COVID-19 health crisis by implementing emergency preparedness and response protocols related to the global outbreak of COVID-19. In February 2020, the Centers for Disease Control and Prevention (*"CDC"*) confirmed the spread of the disease to the United States, including in the CHS's service area and the World Health Organization followed by declaring the COVID-19 outbreak a pandemic in March. The federal government declared COVID-19 a national emergency in the spring and many federal and state authorities implemented aggressive measures to flatten the curve of confirmed individuals diagnosed with COVID-19 in an attempt to avoid overwhelming the healthcare system. Due to the governmental mandates, CHS canceled elective procedures for nearly two months during the spring of 2020 at a time when COVID-19 had not yet impacted the local area. At the same time, staff were retrained and the facilities were prepared to handle the predicted surge. Facility readiness included identification and preparation of inpatient surge space, construction of outdoor tents to expand emergency department and testing sites and purchase of personal protective equipment and other needed supplies. As shown in the chart below, CHS has now experienced three COVID-19 surges that peaked at 541 admissions in July 2020, 1,080 admissions in December 2020 and 726 admissions in August 2021.



During the peak of each surge, elective procedures had to be curtailed to preserve inpatient capacity for COVID-19 patients. Staff quarantines also impacted the ability to deliver elective care. CHS's utilization (including surgeries, as shown in the chart below) and patient service statistics (including average length of stay (in days, *"ALOS*"), as shown in the chart below) were adversely impacted primarily in the third quarter of fiscal year 2020, but have rebounded since that time to or near pre-pandemic levels. See the table entitled "Summary of Historical Utilization - the CHS Hospitals" under the heading "HISTORICAL UTILIZATION" herein for certain material utilization and patient service statistics from the last three fiscal years.

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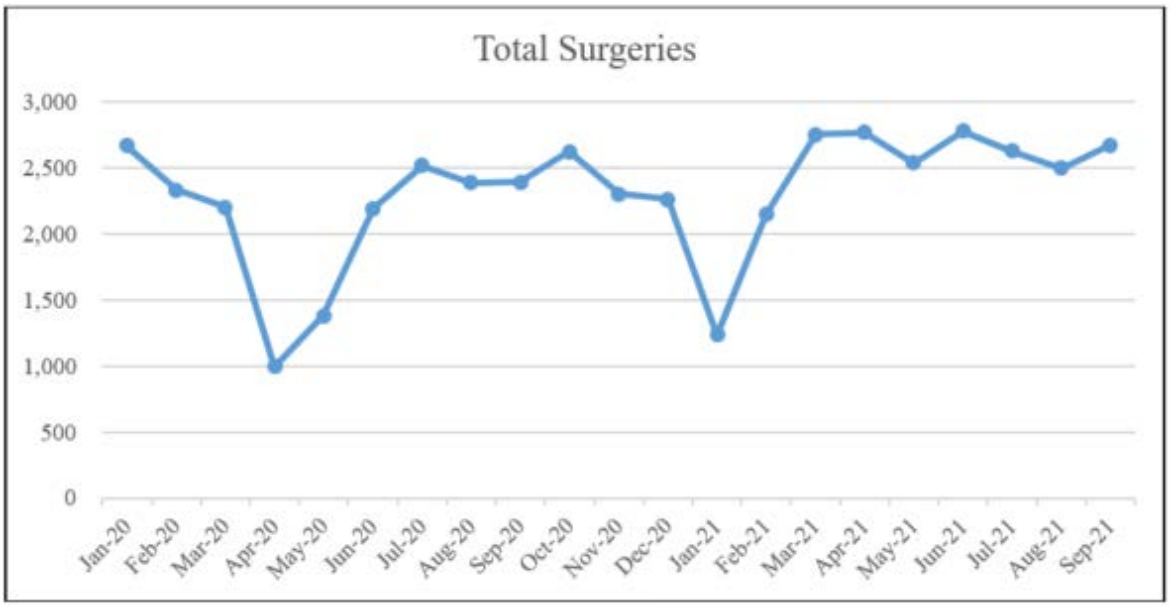

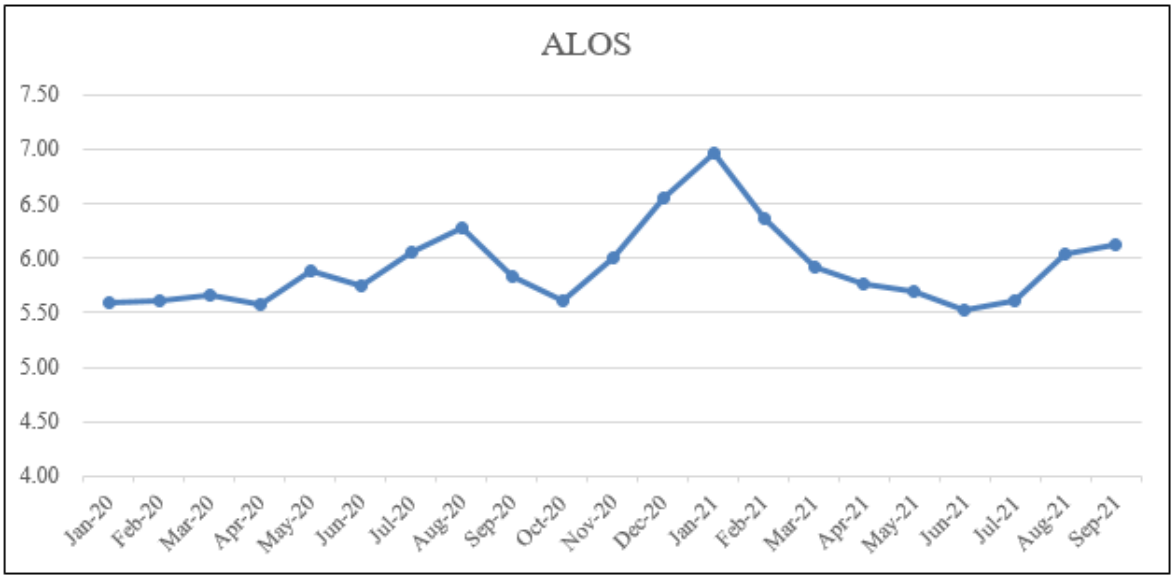

Management is monitoring developments with respect to the COVID-19 pandemic and will continue to follow recommendations of the CDC and other applicable federal, state and local regulatory agencies.

At the outset of COVID-19, CHS established its incident command center comprised of clinical, administrative and operational leaders to prepare for the rapidly evolving situation and implemented a comprehensive preparedness plan to address matters stemming from the COVID-

19 outbreak pertaining to its patients, workforce and health care operations. CHS implemented the CDC-recommended screening procedures for infection prevention and control and the use of personal protective equipment for its healthcare providers in an effort to mitigate the spread of COVID-19 to its patients and employees. CHS has followed the California Department of Public Health's "State Public Health Officer Order of August 5, 2021" mandating vaccination of workers in patient-facing settings at general acute care hospitals, among other facilities, unless validly exempted from the requirements for medical or religious reasons.

Management will continue to evaluate and, as appropriate, avail itself of the benefits of the programs, loans and grants and other potential payment acceleration programs to which it may be entitled under the CARES Act, the Enhancement Act and other legislation, but cannot currently estimate what, if any, such benefits may be or the related timing on such benefits. As of August 31, 2021, CHS received $35.4 million in distributions from the health care provider relief fund established under the CARES Act (the *"Provider Relief Fund"*) and $22.3 million has been allocated, but not yet received, by the Federal Emergency Management Agency (*"FEMA"*). Subsequently, as of November 15, 2021, CHS has received an additional $45.2 million in distributions from the Provider Relief Fund.

CHS also submitted requests to CMS through its administrative contractor for accelerated Medicare payments under CMS's Accelerated and Advance Payment Program (*"APP"*), which was expanded under the CARES Act for the duration of the public emergency, as defined in APP. CHS received a total of approximately $96.1 million under APP through August 31, 2021. Repayment began in April of 2021 and is expected to be completed by the end of fiscal year 2022. As of August 31, 2021, $29.5 million has been repaid.

CHS elected to defer the employer portion of social security taxes due April 22, 2020 to December 31, 2020. Approximately $26.2 million was deferred under this program and half must be repaid by December 31, 2021 and the other half by December 31, 2022.

Data concerning the incidence of COVID-19 in CHS's service area is changing daily. As of October 1, 2021, CHS's Primary Service Area reported a total of 128,450 cases of COVID-19 and 1,964 deaths. As of September 30, 2021, 54.4% of Fresno County residents have been vaccinated with at least one dose.

COVID-19 had a significant negative impact on CHS's volumes and revenues in fiscal year 2020. Discharges declined by 4.2% from fiscal year 2019 to fiscal year 2020. Surgeries dropped by 12.8% and Emergency Department visits were down 5.8% from fiscal year 2019 to fiscal year 2020. Overall volumes, as measured by Adjusted Discharges declined by 2.9% from fiscal year 2019 to fiscal year 2020. Volumes have rebounded in fiscal year 2021, and volumes in each of the aforementioned key areas increased over fiscal year 2020 volumes with the exception of Emergency Department visits.

See "BONDHOLDERS' RISKS—COVID-19 PANDEMIC HAS CAUSED ECONOMIC TURMOIL AND COULD FURTHER NEGATIVELY IMPACT FINANCIAL CONDITION" in the forepart of this Official Statement.

HISTORICAL PERFORMANCE

Fiscal Year 2021 Compared to Fiscal Year 2020. Excess of revenues, gains, and other support over expenses decreased by approximately $32.6 million in fiscal year 2021 as compared to fiscal year 2020; excess of revenues, gains, and other support over expenses excluding the Provider Fee Program increased by approximately $20.6 million. Excluding the impact of the Provider Fee Program, the increase was due primarily to increased investment income.

Net patient service revenues increased by approximately $133.1 million or 8.4%; net patient service revenues, excluding Provider Fee Program revenue, increased by approximately $212.6 million or 16.2%. Excluding the impact of the Provider Fee Program, this increase was due primarily to the increase in volumes following the peak of the COVID-19 pandemic, including a 6.4% increase in inpatient days and a 7.5% increase in surgeries, as well as increased patient severity.

Salaries, supplies, outside services and other operating expenses increased approximately $195.6 million or 11.8% in fiscal year 2021 as compared to fiscal year 2020 including the impact of the Provider Fee Program and increased approximately $221.9 million or 14.5% excluding the impact of the Provider Fee Program. Excluding the impact of the Provider Fee Program, increased expenses were driven primarily by increased volumes and continuing higher costs for salaries, drugs and other supplies related to COVID-19.

Investment income increased by approximately $34.9 million or 75.3% in fiscal year 2021 as compared to fiscal year 2020, due primarily to increased cash balances and market conditions. Other revenue decreased by approximately $13.4 million or 13.5% due primarily to decreased COVID-19 related grant revenues.

Interest expense decreased approximately $2.8 million or 16.4%, due primarily to increased capitalized interest on the Project based on spending to date.

Fiscal Year 2020 Compared to Fiscal Year 2019. Excess of revenues, gains, and other support over expenses decreased by $44.4 million in fiscal year 2020 as compared to fiscal year 2019; excess of revenues, gains, and other support over expenses excluding the Provider Fee Program decreased by approximately $15.2 million. The decrease was due primarily to the impact of COVID-19 on both revenues and expenses.

Net patient service revenues decreased by approximately $47.4 million or 2.9%; net patient service revenues excluding Provider Fee Program revenue, decreased by approximately $53.5 million or 3.9%. Excluding the impact of the Provider Fee Program, this decrease was due primarily to the impact of COVID-19.

Supplemental funding increased approximately $10.9 million or 18.7% due primarily to additional Private Hospital Supplemental Funding. Premium revenue increased by approximately $21.5 million or 50.3% due primarily to a new capitated agreement that was active for 12 months in fiscal year 2020 and only 8 months in fiscal year 2019, as well as growth in CCH.

Salaries, supplies, outside services and other operating expenses increased approximately $83.9 million or 5.3% in fiscal year 2020 as compared to fiscal year 2019 including the impact of the Provider Fee Program and increased approximately $48.6 million or 3.3% excluding the impact of the Provider Fee Program. Excluding the impact of the Provider Fee Program, increased expenses were driven primarily by increased salary, drug and other supply costs related to COVID-19.

Investment income increased by approximately $18.8 million or 68.6% in fiscal year 2020 as compared to fiscal year 2019, due primarily to increased cash balances and market conditions. Other revenue increased by approximately $31.0 million or 45.4% due primarily to COVID-19 related grant revenues.

Interest expense decreased approximately $3.9 million or 18.4%, due primarily to increased capitalized interest on the Project based on spending to date.

RISK MANAGEMENT

The Obligated Group's professional and general liability risks are insured through claims-made policies, purchased from Community Insurance Services Company (*"CISC"*) – CHS's captive insurance company. For more information, see Note 2 to the consolidated financial statements included as Appendix B hereto.

CHS is self-insured for workers' compensation risks for the first $750,000 of loss per occurrence. Losses in excess of this amount are insured through policies of insurance which provide coverage up to statutory requirements.

CHS maintains a self-insured medical, dental and vision care plan as an option for its employees, and approximately 45% of the employees enrolled in CHS health plans chose this option. Claims in excess of $375,000 are insured through policies of insurance. CHS also maintains a wholly owned HMO product (CCH) that 55% of the employees enrolled in CHS health plans chose.

In addition to the above, the Members of the Obligated Group maintain policies of insurance for general automobile liability, loss to buildings and contents by fire and other casualties, crime, fiduciary liability and Directors and Officers and Employment liability.

CHS has had cyber liability coverage since July 2014, which has included coverage at varying limits for regulatory defense, penalties, website media content, notification and crisis management, as well as for data protection, information security and privacy liability. CHS's policy in effect as of September 1, 2021 provides $10.0 million of coverage after a $500,000 retention.

Due to the prohibitive industry-wide cost of earthquake insurance and the size of required deductibles, the Obligated Group Members do not carry earthquake coverage. However, the Members of the Obligated Group carry broad form property coverages against all perils and some damages.

CONFORMANCE WITH SB1953 SEISMIC STANDARDS

The Department of Health Care Access and Information has notified management of the Obligated Group that both CRMC and CCMC have been granted an extension to January 1, 2030 to be in compliance with California State Senate Bill 1953 (*"SB1953"*) hospital seismic safety standards. Since that time, CCMC has undergone significant renovation and expansion and, therefore, is already in compliance with respect to the January 1, 2030 deadline. FHSH will be in compliance with respect to the January 1, 2030 deadline once some minor water and sewage storage requirements are met. Management estimates, based on engineering studies performed to date, that the cost to bring CRMC into full compliance with SB1953 by January 1, 2030 would be approximately $1 billion. Management is working closely with its legislative representatives, other California hospitals, and outside groups, including the California Hospital Association, to pursue relief from the requirements of SB1953 with respect to CRMC. Management believes that all acute care beds of the CHS Hospitals, including CRMC, are currently in compliance with SB1953.

PENDING LITIGATION

The Members of the Obligated Group are named from time to time and have been named as defendant(s) or co-defendant(s) in certain legal actions for medical negligence and general liability. In the opinion of CHS management, in any of these existing actions for medical negligence or general liability, (a) there will not be recoveries in excess of insurance coverages or (b) the outcomes will not have a material adverse effect on the operations or financial condition of CHS or the Obligated Group. In addition, there is no other litigation or similar procedures which would, in the opinion of management, materially and adversely affect the financial condition or operations of the Obligated Group.

Management has advised that there is not now, pending or threatened, any litigation restraining or enjoining the offering of the Bonds, if issued, or questioning or affecting the validity of the Bonds, if issued, or the proceedings and authority under which they are to be issued. Neither the creation, organization or existence of each of the Members of the Obligated Group nor the title of the present directors or officers of the each of the Members of the Obligated Group to their respective offices is being contested. Neither Member of the Obligated Group is a party to any pending litigation, and is not aware of any circumstances that would likely result in such litigation that in any manner questions the right of the Obligated Group to use the proceeds of the Bonds, if issued, as described in this Official Statement.

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APPENDIX B

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF COMMUNITY HOSPITALS OF CENTRAL CALIFORNIA AND AFFILIATED CORPORATIONS DBA COMMUNITY HEALTH SYSTEM FOR THE FISCAL YEARS ENDED AUGUST 31, 2021 AND 2020

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Report of Independent Auditors and
Consolidated Financial Statements with Supplementary Information

Community Hospitals of Central California and Affiliated Corporations dba Community Health System

August 31, 2021 and 2020

Table of Contents

REPORT OF INDEPENDENT AUDITORS 1

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated Balance Sheets (In Thousands) 4

Consolidated Statements of Operations (In Thousands) 5

Consolidated Statements of Changes in Net Assets (In Thousands) 6

Consolidated Statements of Cash Flows (In Thousands) 7

Notes to Consolidated Financial Statements 8

SUPPLEMENTARY INFORMATION

Consolidating Schedule – Balance Sheet (In Thousands) 41

Consolidating Schedule – Statement of Operations (In Thousands) 43

Consolidating Schedule – Statement of Changes in Net Assets (In Thousands) 44

MOSSADAMS

Report of Independent Auditors

To the Board of Trustees
Community Hospitals of Central California and Affiliated Corporations
dba Community Health System

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Community Hospitals of Central California and Affiliated Corporations dba Community Health System (CHS), which comprise the consolidated balance sheets as of August 31, 2021 and 2020 and the related consolidated statements of operations, changes in net assets, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of the internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of CHS as of August 31, 2021 and 2020, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying supplementary schedules included on pages 41 through 44 of the consolidating balance sheet information as of August 31, 2021 and the consolidating statement of operations information and consolidating statement of changes in net assets information for the year then ended, presented as supplementary information, are presented for purposes of additional analysis of the consolidated financial statements and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The supplementary information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects in relation to the consolidated financial statements taken as a whole.

Moss Adams LLP

San Francisco, California
November 17, 2021

Consolidated Financial Statements

Community Hospitals of Central California and Affiliated Corporations
dba Community Health System
Consolidated Balance Sheets (In Thousands)
August 31, 2021 and 2020

	AUGUST 31, 2021	AUGUST 31, 2020
ASSETS		
Current assets:		
Cash and equivalents	$ 79,139	$ 168,555
Short-term investments	15,906	113,844
Patient accounts receivable, net	330,577	257,365
Due from State of California for supplemental funding	21,558	14,953
Other receivables	70,375	52,605
Inventories	19,817	20,862
Prepaid expenses and other	67,396	44,248
	604,768	672,432
Assets limited as to use:		
Board-designated assets	908,971	673,896
Assets held by trustee for:		
Self-insurance in captive insurance company	26,076	21,015
Donor-restricted assets	32,679	30,586
	967,726	725,497
Property, plant, and equipment, net	846,156	875,713
Construction in progress	313,324	169,807
Right-of-use assets	41,080	45,897
Net pension benefit asset	10,226	-
Other assets	120,181	122,031
	$ 2,903,461	$ 2,611,377
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable	$ 120,742	$ 81,644
Accrued compensation and employee benefits	115,882	108,818
Estimated third-party settlements	48,267	84,875
Other accrued liabilities and deferred revenue	318,303	176,761
Lease liabilities short-term	5,581	5,289
Current maturities of long-term debt	11,210	10,504
	619,985	467,891
Long-term debt, less current maturities	644,854	512,455
Lease liabilities long-term	36,023	41,064
Pension benefit obligation	-	17,250
Other long-term obligations	73,039	139,486
	1,373,901	1,178,146
Net assets:		
Without donor restrictions	1,496,881	1,402,645
With donor restrictions	32,679	30,586
	1,529,560	1,433,231
	$ 2,903,461	$ 2,611,377

See accompanying notes to consolidated financial statements.

Community Hospitals of Central California and Affiliated Corporations
dba Community Health System
Consolidated Statements of Operations (In Thousands)
Years Ended August 31, 2021 and 2020

	YEARS ENDED AUGUST 31,	
	2021	2020
Revenues, gains, and other support without donor restrictions:		
Net patient service revenues	$ 1,785,004	$ 1,647,476
Premium revenue	64,077	64,170
Investment income	81,186	46,307
Other revenue	85,837	99,225
	2,016,104	1,857,178
Expenses:		
Salaries, wages, and benefits	914,431	807,638
Supplies	392,210	326,417
Outside services	393,343	330,086
Insurance	7,962	9,452
Depreciation and amortization	78,335	79,618
Rental and lease	7,975	8,705
Interest	14,260	17,062
Utilities	19,264	18,644
Other	15,996	28,377
Quality assurance fee	108,168	134,413
	1,951,944	1,760,412
Excess of revenues, gains, and other support over expenses	64,160	96,766
Net assets released from restrictions for equipment acquisition	1,044	5,032
Change in pension benefit obligation	29,032	(1,351)
Change in net assets without donor restrictions	$ 94,236	$ 100,447

Community Hospitals of Central California and Affiliated Corporations dba Community Health System

Consolidated Statements of Changes in Net Assets (In Thousands)

Years Ended August 31, 2021 and 2020

	Without donor restrictions	With donor restrictions	Total
Balance at August 31, 2019	$ 1,302,198	$ 29,664	$ 1,331,862
Excess of revenues, gains, and other support over expenses	96,766	-	96,766
Donor-restricted contributions	-	8,388	8,388
Net assets released from restrictions and used for operations	-	(2,434)	(2,434)
Net assets released from restrictions for equipment acquisition	5,032	(5,032)	-
Change in pension benefit obligation	(1,351)	-	(1,351)
Change in net assets	100,447	922	101,369
Balance at August 31, 2020	1,402,645	30,586	1,433,231
Excess of revenues, gains, and other support over expenses	64,160	-	64,160
Donor-restricted contributions	-	5,259	5,259
Net assets released from restrictions and used for operations	-	(2,122)	(2,122)
Net assets released from restrictions for equipment acquisition	1,044	(1,044)	-
Change in pension benefit obligation	29,032	-	29,032
Change in net assets	94,236	2,093	96,329
Balance at August 31, 2021	$ 1,496,881	$ 32,679	$ 1,529,560

See accompanying notes to consolidated financial statements.

Community Hospitals of Central California and Affiliated Corporations
dba Community Health System
Consolidated Statements of Cash Flows (In Thousands)
Years Ended August 31, 2021 and 2020

	YEARS ENDED AUGUST 31,	
	2021	2020
Cash flows from operating activities:		
Change in net assets	$ 96,329	$ 101,369
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Donor-restricted contributions	(6,919)	(7,842)
Depreciation and amortization	78,335	79,618
Amortization of bond premium and debt issuance costs	(2,011)	(2,049)
Net unrealized and realized gains on investments	(56,593)	(26,122)
Net changes in operating assets and liabilities:		
Patient accounts receivable and other receivables	(90,982)	(11,388)
Due from State of California for supplemental funding	(6,605)	(3,383)
Inventories, prepaid expenses, and other	(23,422)	30,981
Accounts payable, other accrued liabilities, and deferred revenue	114,194	134,233
Accrued compensation and employee benefits	7,064	9,761
Pension benefit obligation	(27,476)	3,413
Estimated third-party settlements	(36,608)	(3,292)
Net cash provided by operating activities	45,306	305,299
Cash flows from investing activities:		
Purchases of property, plant, and equipment, net	(186,969)	(143,137)
Purchase of investments	(1,140,953)	(522,331)
Proceeds from sales of investments	1,061,133	392,546
Net cash used in investing activities	(266,789)	(272,922)
Cash flows from financing activities:		
Repayments of long-term debt	(10,570)	(10,084)
Repayments of finance lease liabilities	(2,089)	(1,959)
Proceeds from long-term debt	145,685	194
Proceeds from donor-restricted contributions	6,919	7,842
Net cash provided by (used in) financing activities	139,945	(4,007)
Net change in cash and equivalents	(81,538)	28,370
Cash and equivalents and restricted cash, beginning of year	190,584	162,214
Cash and equivalents and restricted cash, end of year	$ 109,046	$ 190,584
Supplemental disclosure of cash flow information:		
Interest paid, net of amounts capitalized	$ 26,217	$ 24,418
Cash and equivalents and restricted cash, end of year, are comprised of the following:		
Cash and equivalents	$ 79,139	$ 168,555
Assets held by trustee for:		
Self-insurance in captive insurance company	7,069	3,033
Donor-restricted assets	22,838	18,996
Total cash and equivalents and restricted cash	$ 109,046	$ 190,584

See accompanying notes to consolidated financial statements.

NOTE 1 – ORGANIZATION

Community Hospitals of Central California and Affiliated Corporations, dba Community Health System (CHS), is a not-for-profit multi-facility integrated health care organization located in Fresno, California. Prior to the year ended August 31, 2021, CHS used a dba name of Community Medical Centers. CHS has established an Obligated Group to access capital markets. Obligated Group members are jointly and severally liable for the long-term debt outstanding under the Obligated Group's master trust indenture. The Obligated Group members are denoted with an asterisk (*). CHS includes the following consolidated entities:

Acute care services – Acute care services consist of a single corporate entity, Fresno Community Hospital and Medical Center*, which operates as two general acute care hospitals that provide a full range of medical, surgical, intensive care, emergency room, burn and trauma, and obstetric services. These facilities also offer home health, psychiatric, rehabilitation, and a variety of other services. The acute care hospitals are:

- Community Regional Medical Center (CRMC)
- Clovis Community Medical Center (CCMC)

Corporate activities – Corporate activities consist of centralized shared services, real estate activities, and retail pharmacy operations.

- Community Hospitals of Central California* (CHCC)
- Community Health Enterprises (CHE)

Community Insurance Services Company – Community Insurance Services Company (CISC), is a wholly owned captive insurance company that maintains professional and general liability coverage and has no income tax obligation.

Community Care Health Plan – Community Care Health Plan (CCHP) is a wholly owned Knox-Keene licensed Health Maintenance Organization that provides health insurance coverage to the employees of CHS and entities partially owned by CHS, as well as to local employers.

Development activities – Development activities consist of a single corporate entity, Community Hospitals of Central California Foundation, which conducts fundraising activities for the not-for-profit organizations within the health system.

Community Health Partners – Community Health Partners (CHP), is a not-for-profit corporation formed in 2020 that operates a medical foundation.

Obligated Group members – Obligated Group members are the parent corporations of certain consolidated entities that are not Obligated Group members. Accounting principles generally accepted in the United States of America (U.S. GAAP) require consolidation of all controlled subordinate corporations. Accordingly, the consolidated financial statements of CHS are the same as the Obligated Group financial statements under U.S. GAAP.

CHS also includes the following nonconsolidated entities:

California Imaging Institute LLC (CII) – Operates three freestanding outpatient imaging centers that provide comprehensive imaging services. It is owned in partnership with a physician-owned radiology medical group. Fresno Community Hospital and Medical Center accounts for this investment using the equity method.

Santé Health System (Santé) – A management service organization (MSO) that provides independent physician association and physician practice management services. CHS sold its investment in Santé in December 2020.

In March 2020, the World Health Organization declared the novel coronavirus (COVID-19) outbreak a public health emergency. The COVID-19 outbreak has not resulted in facility closures; however, elective procedures were cancelled from mid-March to mid-May 2020 and have been reduced voluntarily during COVID-19 surges. In response to the decline in net patient service revenue driven by lower patient volumes and increased operating expenses due to the pandemic, federal government funding was made available to health care providers. The Centers for Medicare & Medicaid Services (CMS) initiated an Accelerated Payments Program, which represents advance payments based upon historic Medicare volume for services to be provided in the future. CHS received $96,101,000 of these advance payments during the year ended August 31, 2020. As of August 31, 2021, $29,476,000 of the advance payments had been repaid and the remaining balance of $66,625,000 is recorded in other accrued liabilities and deferred revenue in the accompanying consolidated balance sheets. As of August 31, 2020, $22,112,000 and $73,989,000 are recorded in other accrued liabilities and deferred revenue and other long-term obligations, respectively, in the accompanying consolidated balance sheets.

Additionally, as part of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), the Department of Health and Human Services (HHS) distributed $175 billion to health care providers as part of the Provider Relief Fund. CHS received $1,824,000 and $33,613,000 of these Provider Relief Fund distributions during the years ended August 31, 2021 and 2020, respectively. As CHS met the conditions for $1,897,000 and $33,540,000 of these funds during the years ended August 31, 2021 and 2020, respectively, the amounts are recorded as contribution revenue within other revenue in the accompanying consolidated statements of operations. In November 2021, CHS received $45,243,000 of Provider Relief Fund distributions. This award has not been recorded in the consolidated financial statements as of and for the year ended August 31, 2021, as the related grant revenue recognition criteria had not been met as of that date.

Under the public health emergency, CHS is eligible for reimbursement of certain expenditures from the Federal Emergency Management Agency (FEMA). In the fiscal year ended August 31, 2021, $22,300,000 was obligated for reimbursement by FEMA; however, no cash was received as of August 31, 2021. The obligated amount is recorded as grant revenue within other revenue in the accompanying consolidated statements of operations and as other receivables in the accompanying consolidated balance sheets.

Facility closures or disruption in operations of CHS's customers, suppliers, or third-party payors could adversely impact CHS's results of operations to the extent that coronavirus or any other epidemic harms the global economy. The duration and intensity of the impact of the coronavirus and resulting disruption to CHS's operations is uncertain.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of consolidation – The consolidated financial statements include the accounts of CHS and affiliates as listed under Organization in Note 1. All significant intercompany accounts and transactions have been eliminated in consolidation.

Use of estimates – The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and equivalents – Cash and equivalents include all highly liquid investments with an original maturity of three months or less when purchased. Cash and equivalents purchased by CHS's investment managers as part of their investment strategies that are not included in assets limited as to use are classified as cash and equivalents. CHS regularly maintains balances in depository accounts in excess of the Federal Deposit Insurance Corporation insurance limit.

Accounts receivable – CHS's primary concentration of credit risk is patient accounts receivable as well as SB855 and SB1255 disproportionate share funds receivable that are recorded when due from State of California for supplemental funding, which consist of amounts owed by various government agencies, insurance companies, and private patients. CHS manages the receivables by regularly reviewing its accounts and contracts and by providing appropriate allowances for uncollectible amounts. CHS provides for estimated losses on patient accounts receivable based on prior collections experience. Uncollectible receivables are charged-off when deemed uncollectible. Recoveries from previously charged-off accounts are recorded when received. The mix of receivables from third-party payors and patients at August 31, 2021 and 2020, is as follows:

	2021	2020
Medicare	9%	12%
Managed Medicare	8%	8%
Medi-Cal	7%	8%
Managed Medi-Cal	15%	17%
Contracts	56%	49%
Self-Pay and Others	5%	6%
Total	100%	100%

Inventories – Inventories are stated at the lower of cost, determined by the first-in, first-out method, or net realizable value.

Assets limited as to use and short-term investments – Assets limited as to use consist principally of corporate debt securities, equity securities, and U.S. government and agency securities, all of which are designated as trading securities and carried at fair market value. The fair values for these investments are based on quoted market prices. Investments also include repurchase agreements. Certain marketable securities are designated as assets held in trust. These include assets held by trustees in accordance with the professional liability self-insurance arrangement with a captive insurance company. In addition, certain investments are set aside by the Board of Trustees for future capital improvements.

Investment income is included in the excess of revenues, gains and other support over expenses unless the income is restricted by donor or law.

CHS has elected to report investments in debt and equity securities under Accounting Standards Codification (ASC) 825, *Financial Instruments*, such that unrealized gains and losses on trading securities are included in the excess of revenues, gains, and other support over expenses unless the income is restricted by donor or law.

CHS has discretion to establish policies regarding which portion of assets limited as to use is classified as short-term investments. The amount classified as short-term investments consists of available cash held in investment accounts, money markets balances, and highly liquid investment securities with an original maturity of three months or less.

Property, plant, and equipment – Property, plant, and equipment are stated at cost, or in the case of donated items, at fair market value at the date of donation. Routine maintenance and repairs are charged to expense as incurred. Expenditures that increase values, change capacities, or extend useful lives are capitalized, as is interest for significant construction projects. During the years ended August 31, 2021 and 2020, $10,768,000 and $5,916,000, respectively, of net interest expense was capitalized for construction projects.

Depreciation is computed by the straight-line method over the estimated useful lives of the assets, which range from 10 to 25 years for land improvements, 5 to 40 years for buildings and improvements, and an average of 8 years for equipment.

CHS's management regularly reviews long-lived assets for indications of impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable.

Management estimates the fair value of legal asset retirement obligations that are conditional on a future event if the amount can be reasonably estimated, in accordance with Financial Accounting Standards Board (FASB) ASC 410, *Asset Retirement and Environmental Obligations*. Estimates are developed through the identification of applicable legal requirements, identification of specific conditions requiring incremental cost at time of asset disposal, estimation of costs to remediate conditions, and estimation of remaining useful lives or date of asset disposal.

Self-insurance and other benefit plans – CHS is self-insured for workers' compensation claims and maintains a self-insured medical, dental, and vision care plan as an option for its employees. Claims are accrued under these plans as the incidents that give rise to them occur. Unpaid claim accruals are based on the actuarially estimated ultimate cost of settlement, including claim settlement expenses. CHS has stop loss arrangements with insurance companies to limit its losses on claims for medical and workers' compensation expenses. The portion not expected to be paid within one year is included within other long-term obligations. As of August 31, 2021, CHS has a claims liability of $51,313,000 and a corresponding insurance recovery receivable of $6,432,000 for medical and workers' compensation claims that are insured by a third-party excess loss policy. As of August 31, 2020, CHS has a claims liability of $49,895,000 and a corresponding insurance recovery receivable of $4,248,000 for medical and workers' compensation claims that are insured by a third-party excess loss policy. The claims liability is classified in other accrued liabilities and deferred revenue and other long-term obligations and the insurance recovery receivable is classified in prepaid expenses and other and other assets in the accompanying consolidated balance sheets.

Professional and general liability insurance – CISC, CHS's wholly owned captive insurance company, has issued claims-made policies to insure the professional and general liability risks of CHS's affiliates. Effective September 1, 2019, CISC retained $2,000,000 per incident and $15,000,000 in the aggregate with an excess of $2,000,000 for the first incident and $2,000,000 in the aggregate and effective September 1, 2020, CISC retained $2,000,000 for the first incident and $18,000,000 in the aggregate with an excess of $2,000,000 for the first incident and $2,000,000 in the aggregate. CISC is reinsured up to $78,000,000 per incident, beyond the retention amount of $2,000,000, and in the aggregate with third-party reinsurers. As of August 31, 2021, CHS has recorded estimated liabilities for claims incurred and reported of $14,046,000 and a corresponding insurance recovery receivable of $2,056,000. As of August 31, 2020, CHS has recorded estimated liabilities for claims incurred and reported of $14,285,000 and a corresponding insurance recovery receivable of $2,245,000. The estimated liabilities for claims incurred and reported is classified in other accrued liabilities and deferred revenue and other long-term obligations and the insurance recovery receivable is classified in prepaid expenses and other and other assets in the accompanying consolidated balance sheets.

Should the reinsurance policies not be renewed or replaced with equivalent insurance, claims related to occurrences during the term of the claims-made policy but reported subsequent to its termination may be uninsured. Liabilities of $4,441,000 and $4,323,000 have been recorded for the actuarially-estimated incurred but not reported liability at August 31, 2021 and 2020, respectively. These liabilities are included within other long-term obligations in the accompanying consolidated balance sheets.

Income taxes – Most entities included in CHS are exempt from taxation under Section 501(c)(3) of the Internal Revenue Code and Section 23701d of the California Revenue and Taxation Code and are generally not subject to federal or state income taxes. However, the exempt organizations are subject to income taxes on any net income that is derived from a trade or business, regularly carried on and not in furtherance of the purposes for which it was granted exemption. No income tax provision has been recorded as the net income, if any, from any unrelated trade or business, in the opinion of management, is not material to the basic consolidated financial statements taken as a whole. CHS includes entities that are subject to income taxes; however, such income tax activities are not significant to the consolidated financial statements.

Donor gifts – Unconditional promises to give cash and other assets to CHS are reported at fair market value at the date the promise is received. Conditional promises to give and indications of intentions to give are reported at fair market value at the date the gift is received, and any conditions are substantially met. The gifts are reported as support with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified as net assets without donor restrictions. Contributions for which restrictions are satisfied in the same period are recorded as contribution revenue without donor restrictions.

Fair value of financial instruments – Unless otherwise indicated, the fair value of all reported assets and liabilities, which represent financial instruments, approximate their carrying values. CHS's policy is to recognize transfers in and transfers out of Levels 1 and 2 as of the end of the reporting period.

Excess of revenues, gains, and other support over expenses – Excess of revenues, gains, and other support over expenses reflected in the accompanying consolidated statements of operations includes all changes in net assets without donor restrictions other than net assets released from restrictions for equipment acquisition and changes in pension benefit obligation.

Reclassifications – Certain amounts in the 2020 consolidated financial statements have been reclassified to conform to the 2021 presentation.

Leases – Transactions give rise to leases when CHS receives substantially all the economic benefits from and has the ability to direct the use of specific property, plant, and equipment. Finance and operating leases are included in right-of-use assets, lease liabilities short-term, and lease liabilities long-term in the accompanying consolidated balance sheets.

Right-of-use assets represent the right to use underlying assets for the lease term and lease liabilities represent obligations to make lease payments arising from the lease. Operating right-of-use assets and liabilities are recognized at the commencement date based on the present value of lease payments over the lease term. When discount rates implicit in leases cannot be readily determined, CHS uses its incremental borrowing rate as the discount rate. Lease expense for operating lease payments is recognized on a straight-line basis over the term of the lease.

CHS has agreements with lease and nonlease components (such as common area maintenance) and has elected to account for the lease and nonlease components separately. CHS has elected not to recognize right-of-use assets and lease liabilities that arise from short-term leases (i.e. lease with a term of 12 months or less).

Recent accounting pronouncements – In August 2018, the FASB issued Accounting Standards Update (ASU) No. 2018-13, *Fair Market Value Measurement (Topic 820)*: *Disclosure Framework – Changes to the Disclosure Requirement for Fair Value Measurement* (ASU 2018-13), to improve the effectiveness of disclosures in the note to the financial statements by facilitating clear communication of the information required by generally accepted accounting principles (GAAP). The adoption of ASU 2018-13 is effective for CHS for fiscal year ended August 31, 2021. Management has adopted the update, which did not have an impact on the consolidated financial statements.

In August 2018, the FASB issued ASU No. 2018-15, *Intangibles – Goodwill and Other – Internal – Use Software (Subtopic 350-40)* (ASU 2018-15) to align the requirements for capitalizing implementation costs incurred in a hosting arrangement that is a service contract. The adoption of ASU 2018-15 is effective for CHS for fiscal year ending August 31, 2022. Management is currently evaluating the impact of the provisions of ASU 2018-15 on the consolidated financial statements.

In March 2020, the FASB issued ASU No. 2020-04, *Reference Rate Reform (Topic 848) – Facilitation of the Effects of Reference Rate Reform on Financial Reporting* (ASU 2020-04) to provide optional guidance, if certain criteria are met, for a limited period of time to ease the potential burden in accounting for (or recognizing the effects of) reference rate reform on financial reporting. This update is effective for all entities as of March 12, 2020 through December 31, 2022. Management is currently evaluating the impact of the provisions of ASU 2020-04 on the consolidated financial statements.

In September 2020, the FASB issued ASU No. 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets* (ASU 2020-07) to improve financial reporting by providing new presentation and disclosure requirements about contributed nonfinancial assets for not-for-profit entities, including additional disclosure requirements for recognized contributed services. The adoption of ASU 2020-07 is effective for CHS for fiscal year ending August 31, 2022. Management is currently evaluating the impact of the provisions of ASU 2020-07 on the consolidated financial statements.

Subsequent events – Subsequent events are events or transactions that occur after the balance sheet date but before financial statements are issued. CHS recognizes in the consolidated financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at the date of the consolidated balance sheet, including the estimates inherent in the process of preparing the consolidated financial statements. CHS's consolidated financial statements do not recognize subsequent events that provide evidence about conditions that did not exist at the date of the consolidated balance sheet but arose after the balance sheet date and before the consolidated financial statements are issued. CHS has evaluated subsequent events through November 17, 2021, which is the date the consolidated financial statements are issued.

NOTE 3 – NET PATIENT SERVICE AND PREMIUM REVENUES

Net patient service revenues – Net patient service revenue is reported at the amount that reflects the consideration to which CHS expects to be entitled in exchange for providing patient care. These amounts are due from patients, third-party payors (including health insurers and government programs) and others and include variable consideration for retroactive revenue adjustments due to settlement of audits, reviews, and investigations. Generally, CHS bills the patients and third-party payors several days after the services are performed or the patient is discharged from the facility. Revenue is recognized as performance obligations are satisfied.

Performance obligations are determined based on the nature of the services provided by CHS. Revenue for performance obligations satisfied over time is recognized based on actual charges incurred in relation to total expected (or actual) charges. CHS believes that this method provides a faithful depiction of the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation. Generally, performance obligations satisfied over time relate to patients in CHS hospitals receiving inpatient acute care services or patients receiving services in CHS outpatient centers or in their homes (home care). CHS measures the performance obligation from admission into the hospital, or the commencement of an outpatient service, to the point when it is no longer required to provide services to that patient, which is generally at the time of discharge or completion of the outpatient services. Revenue for performance obligations satisfied at a point in time is generally recognized when goods are provided to CHS patients and customers in a retail setting (for example, pharmaceuticals and medical equipment) and CHS does not believe it is required to provide additional goods or services related to that sale.

Because all of its performance obligations relate to contracts with a duration of less than one year, CHS has elected to apply the optional exemption provided in FASB ASC 606-10-50-14a and, therefore, is not required to disclose the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied or partially unsatisfied at the end of the reporting period. The unsatisfied or partially unsatisfied performance obligations referred to previously are primarily related to inpatient acute care services at the end of the reporting period. The performance obligations for these contracts are generally completed when the patients are discharged, which generally occurs within days or weeks of the end of the reporting period.

CHS determines the transaction price based on standard charges for goods and services provided, reduced by contractual adjustments provided to third-party payors, discounts provided to uninsured patients in accordance with CHS's policy, and implicit price concessions provided to uninsured patients. CHS determines its estimates of contractual adjustments and discounts based on contractual agreements, its discount policies, and historical experience. CHS determines its estimate of implicit price concessions based on its historical collection experience with this class of patients.

Agreements with third-party payors typically provide for payments at amounts less than established charges. A summary of the payment arrangements with major third-party payors follows:

- Medicare. Certain inpatient acute care services are paid at prospectively determined rates per discharge based on clinical, diagnostic, and other factors. Certain services are paid based on cost-reimbursement methodologies subject to certain limits. Outpatient services are paid using prospectively determined rates.

- Medi-Cal. Reimbursements for Medi-Cal services are generally paid at prospectively determined rates per discharge or per occasion of service. Additionally, CHS is allocated certain funds available from a pool of state of California funds for disproportionate share hospital services under the SB855 and Private Hospital Fund programs based upon an annual determination for eligibility. Revenues under the SB855 program and SB1255/Private Hospital Fund totaled $62,422,000 and $10,971,000, respectively, for the year ended August 31, 2021, and $52,475,000 and $16,430,000, respectively, for the year ended August 31, 2020. As of August 31, 2021 and 2020, CHS recorded receivables of $21,558,000 and $14,953,000, respectively, for amounts due from the State of California for SB855, SB1255, and other programs. See also “Hospital Fee Program” below.

- Other. Payment agreements with certain commercial insurance carriers, health maintenance organizations, and preferred provider organizations provide for payment using prospectively determined rates per discharge, discounts from established charges, and prospectively determined daily rates.

Laws and regulations concerning government programs, including Medicare and Medi-Cal, are complex and subject to varying interpretation. As a result of investigations by governmental agencies, various health care organizations have received requests for information and notices regarding alleged noncompliance with those laws and regulations, which, in some instances, have resulted in organizations entering into significant settlement agreements. Compliance with such laws and regulations may also be subject to future government review and interpretation, as well as significant regulatory action, including fines, penalties, and potential exclusion from the related programs. There can be no assurance that regulatory authorities will not challenge CHS's compliance with these laws and regulations, and it is not possible to determine the impact (if any) such claims or penalties would have upon CHS. In addition, the contracts CHS has with commercial payors also provide for retroactive audit and review of claims.

Settlements with third-party payors for retroactive adjustments due to audits, reviews, or investigations are considered variable consideration and are included in the determination of the estimated transaction price for providing patient care. These settlements are estimated based on the terms of the payment agreement with the payor, correspondence from the payor, and CHS's historical settlement activity, including an assessment to ensure that it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the retroactive adjustment is subsequently resolved. Estimated settlements are adjusted in future periods as adjustments become known (that is, new information becomes available), or as years are settled or are no longer subject to such audits, reviews, and investigations. Net patient service revenue increased by $5,101,000 in 2021 and $1,253,000 in 2020, related to updates of prior years' cost report reserves and increased by $4,050,000 in 2021 and $278,000 in 2020, related to successful appeals of prior years' cost report settlements.

Generally, patients who are covered by third-party payors are responsible for related deductibles and coinsurance, which vary in amount. CHS also provides services to uninsured patients and offers those uninsured patients a discount, either by policy or law, from standard charges. CHS estimates the transaction price for patients with deductibles and coinsurance and from those who are uninsured based on historical experience and current market conditions. The initial estimate of the transaction price is determined by reducing the standard charge by any contractual adjustments, discounts, and implicit price concessions. Subsequent changes to the estimate of the transaction price are generally recorded as adjustments to patient service revenue in the period of the change. Adjustments arising from a change in the transaction price were not significant in 2021 or 2020. Subsequent changes that are determined to be the result of a change in the patient's ability to pay due to a bankruptcy are recorded as bad debt expense, which is classified in other expenses in the accompanying consolidated statements of operations.

Consistent with CHS's mission, care is provided to patients regardless of their ability to pay. Therefore, CHS has determined it has provided implicit price concessions to uninsured patients and patients with other uninsured balances (for example, copays and deductibles). The implicit price concessions included in estimating the transaction price represent the difference between amounts billed to patients and the amounts CHS expects to collect based on its collection history with those patients.

Patients who meet CHS's criteria for charity care are provided care without charge or at amounts less than established rates. Such amounts determined to qualify as charity care are not reported as revenue. Unpaid costs of charity are the estimated costs of services provided to such patients. The estimated cost of providing these services was $10,384,000 and $12,975,000 for the years ended August 31, 2021 and 2020, respectively, calculated by multiplying the ratio of cost to gross charges by the gross uncompensated charges associated with providing charity care to patients.

CHS has determined that the nature, amount, timing and uncertainty of revenue and cash flows are affected primarily by the payors. The composition of consolidated net patient service revenues by major payor group for the years ended August 31, 2021 and 2020, is as follows (in thousands):

	2021	2020
Medicare	$ 470,651	$ 407,552
Managed Medicare	146,232	132,745
Medi-Cal	305,047	383,754
Managed Medi-Cal	229,713	203,967
Third-Party Contracts	632,594	517,798
Self-Pay and Others	767	1,660
Total	$ 1,785,004	$ 1,647,476

Revenue from patient's deductibles and coinsurance are included in the preceding categories based on the primary payor.

On a routine basis, CHS evaluates whether it received overpayments and whether any such overpayments should be reported to the payor and repaid, pertaining to certain patient services provided. For the years ended August 31, 2021 and 2020, liabilities related to this matter of $8,995,000 and $8,687,000, respectively, are included in other accrued liabilities and deferred revenue in the accompanying consolidated balance sheets.

CHS has elected the practical expedient allowed under FASB ASC 606-10-32-18 and does not adjust the promised amount of consideration from patients and third-party payors for the effects of a significant financing component due to CHS's expectation that the period between the time the service is provided to a patient and the time that the patient or a third-party payor pays for that service will be one year or less. However, CHS does, in certain instances, enter into payment agreements with patients that allow payments in excess of one year. For those cases, the financing component is not deemed to be significant to the contract.

Premium revenue – CHS has an agreement with a Medicare Advantage plan to provide certain acute care services to plan members for calendar years 2020 and 2021. Under this agreement, CHS receives monthly capitation payments that are recognized as revenue during the period regardless of whether services are actually performed by CHS. CHS also records purchased services expense for services provided to these members outside of CHS’s facilities. CHS also has an agreement with an independent physician association (IPA) to provide acute care services to certain IPA members. Under this agreement, CHS receives monthly capitation payments that are recognized as revenue during the period regardless of whether services are actually performed by CHS.

CHS reports premium revenue at the amount that reflects the consideration to which it expects to be entitled in exchange for providing access to health care services to its contracted members. These amounts are due from the Medicare Advantage plan and IPA according to contractual terms. CHS receives a premium payment amount each month, which is based upon fixed rates per enrollee or a percentage of premium of the health plan. Revenues for performance obligations are satisfied over the period of time that CHS is contracted to provide access to health care services to its members using the time-elapsed output method.

Hospital Fee Program – In November 2009, the California Hospital Fee Program (the Program) was signed into California state law. The Program provides supplemental Medi-Cal payments to certain California hospitals. The Program is funded by a quality assurance fee (the Fee) paid by participating hospitals and by matching federal funds. Hospitals receive supplemental payments from either the California Department of Health Care Services (DHCS), managed care plans, or a combination of both. CHS records revenue and expenses for the fee for service and pass-through managed care portions of the Program once CMS waiver approval is received and the amounts are known. Due to the lack of approval history for the Directed Payment portion of the Program, CHS does not plan to record this revenue and expense until approval is received for the rate package for a time period. No such approvals have been received for any Directed Payment period.

California enacted a thirty-month quality assurance fee program (QAF5) for the period January 1, 2017 through June 30, 2019. Final approval by CMS for the fee for service portion of this program occurred in December 2017; the managed care component for the period January 1, 2017 to June 30, 2017, which utilizes the pass-through payment methodology, was approved in May 2020. No approvals have yet been received for the Directed Payment portion of the managed care component. For the fee for service portion for the years ended August 31, 2021 and 2020, no estimated supplemental payments are included in net patient service revenues as all were reported in prior year. For the managed care portion for the years ended August 31, 2021 and 2020, estimated supplemental payments of $0 and $165,179,000, respectively, are included in net patient service revenues. For the years ended August 31, 2021 and 2020, estimated fees and pledge expense of $0 and $41,948,000, respectively, are included in quality assurance fee expense. As of August 31, 2021, CHS has a receivable of $44,000 included in other receivables, a deposit of $30,563,000 included in prepaid expenses, and deferred revenue of $173,839,000 included in other accrued liabilities and deferred revenue relating to QAF5. As of August 31, 2020, CHS has a receivable of $44,000 included in other receivables, a deposit of $22,317,000 included in prepaid expenses, and deferred revenue of $85,838,000 included in other accrued liabilities and deferred revenue relating to QAF5.

California enacted a thirty-month quality assurance fee program (QAF6) for the period July 1, 2019 through December 31, 2021. Final approval by CMS for the fee for service portion of this program occurred in February 2020. No approvals have yet been received for the Directed Payment portion of the managed care component. For the fee for service portion for the years ended August 31, 2021 and 2020, estimated supplemental payments of $94,307,000 and $102,325,000, respectively, are included in net patient service revenues. For the fee for service portion for the years ended August 31, 2021 and 2020, estimated fees and pledge expense of $82,861,000 and $92,466,000, respectively, are included in quality assurance fee expense. For the managed care portion for the years ended August 31, 2021 and 2020, estimated supplemental payments of $93,774,000 and $0, respectively, are included in net patient service revenues. For the managed care portion for the years ended August 31, 2021 and 2020, estimated fees and pledge expense of $25,307,000 and $0, respectively, are included in quality assurance fee expense. As of August 31, 2021, CHS has recorded a receivable of $39,228,000 included in other receivables, a deposit of $15,509,763 included in prepaid expenses and other and a liability of $32,184,000 included in other accrued liabilities and deferred revenue relating to QAF6. As of August 31, 2020, CHS has recorded a receivable of $37,384,000 included in other receivables and a liability of $32,072,000 included in other accrued liabilities and deferred revenue relating to QAF6.

NOTE 4 – ASSETS LIMITED AS TO USE

Assets limited as to use include marketable securities that are carried at fair value, based on quoted market prices. Pledges receivable are carried at net realizable value. The composition of assets limited as to use at August 31, 2021 and 2020, is as follows (in thousands):

	2021	2020
Cash and equivalents	$ 50,886	$ 53,874
U.S. Treasury bills and notes	19,781	62,372
U.S. government agency debt	75,897	70,182
Corporate debt securities	487,181	406,377
Equity securities	139,166	103,559
Mutual funds	219,690	155,595
Total cash and marketable securities	992,601	851,959
Less: amounts classified as short-term investments	(15,906)	(138,052)
Less: amount classified as cash and cash equivalents	(18,811)	(24,208)
Pledges receivable, net	9,842	11,590
	(24,875)	(150,670)
Total assets limited as to use	$ 967,726	$ 701,289

CHS adopted ASC 820, *Fair Value Measurements and Disclosure*, on September 1, 2008, for fair value measurements of financial assets and liabilities. ASC 820 established a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to measurements involving significant unobservable inputs (Level 3). The three levels of fair value hierarchy are as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that CHS has the ability to access at the measurement date.
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs are inputs that are unobservable inputs for the asset or liability.

The level in the fair value hierarchy within which a fair value measurement entirely falls is based on the lowest level input that is significant to the fair value measurement in its entirety.

The following table presents financial assets measured at fair value as of August 31 (in thousands):

	2021			
Investments	Level 1	Level 2	Level 3	Fair value total
Cash and equivalents	$ 18,811	$ -	$ -	$ 18,811
U.S. Treasury and U.S. agency fixed income:				
U.S. Treasury bills and notes	10,098	-	-	10,098
U.S. government agency debt	-	75,897	-	75,897
	10,098	75,897	-	85,995
Corporate debt securities:				
Health care	-	6,818	-	6,818
Energy	-	55,414	-	55,414
Financials	-	190,244	-	190,244
Industrials	-	52,612	-	52,612
Information technology	-	42,394	-	42,394
Telecommunications	-	26,599	-	26,599
Consumer discretionary	-	24,975	-	24,975
Consumer staples	-	10,208	-	10,208
Materials	-	8,916	-	8,916
Real estate	-	14,919	-	14,919
Utilities	-	33,785	-	33,785
Other	-	8,164	-	8,164
	-	475,048	-	475,048
Equity securities:				
Health care	14,146	-	-	14,146
Financials	12,650	-	-	12,650
Consumer staples	6,367	-	-	6,367
Consumer discretionary	12,010	-	-	12,010
Materials	4,448	-	-	4,448
Energy	2,138	-	-	2,138
Information technology	38,995	-	-	38,995
Industrials	13,013	-	-	13,013
Telecommunications	4,624	-	-	4,624
Specialty real estate	2,903	-	-	2,903
Utilities	2,640	-	-	2,640
Other - accrued income	121	-	-	121
	114,055	-	-	114,055
Mutual funds:				
Alternative	77,626	-	-	77,626
Emerging markets	7,274	-	-	7,274
Small cap core	35,703	-	-	35,703
Large cap	49,342	-	-	49,342
Foreign	41,059	-	-	41,059
	219,690	-	-	219,690
	362,654	550,945	-	913,599

Investments	2021 Level 1	Level 2	Level 3	Fair value total
Other board-designated investments				
U.S. Treasury bills and notes	9,683	-	-	9,683
Corporate debt securities	-	12,133	-	12,133
Equity securities	25,111	-	-	25,111
Cash and equivalents	32,075	-	-	32,075
	66,869	12,133	-	79,002
Total	$ 429,523	$ 563,078	$ -	$ 992,601

The following table presents financial assets measured at fair value as of August 31 (in thousands):

Investments	2020 Level 1	Level 2	Level 3	Fair value total
Cash and equivalents	$ 24,209	$ -	$ -	$ 24,209
U.S. Treasury and U.S. agency fixed income:				
U.S. Treasury bills and notes	54,417	-	-	54,417
U.S. government agency debt	-	70,182	-	70,182
	54,417	70,182	-	124,599
Corporate debt securities:				
Health care	-	13,253	-	13,253
Energy	-	51,177	-	51,177
Financials	-	129,187	-	129,187
Industrials	-	12,981	-	12,981
Information technology	-	21,392	-	21,392
Telecommunications	-	20,396	-	20,396
Consumer discretionary	-	8,368	-	8,368
Consumer staples	-	12,808	-	12,808
Materials	-	7,290	-	7,290
Real estate	-	4,471	-	4,471
Utilities	-	5,683	-	5,683
Other	-	2,177	-	2,177
	-	289,183	-	289,183
Equity securities:				
Health care	10,696	-	-	10,696
Financials	7,621	-	-	7,621
Consumer staples	10,500	-	-	10,500
Consumer discretionary	3,954	-	-	3,954
Materials	1,827	-	-	1,827
Energy	2,784	-	-	2,784
Information technology	28,727	-	-	28,727
Industrials	8,767	-	-	8,767
Telecommunications	3,568	-	-	3,568
Specialty real estate	1,395	-	-	1,395
Utilities	1,316	-	-	1,316
Other - accrued income	112	-	-	112
	81,267	-	-	81,267

	2020			
Investments	Level 1	Level 2	Level 3	Fair value total
Mutual funds:				
Alternative	48,028	-	-	48,028
Emerging markets	3,885	-	-	3,885
Small cap core	13,004	-	-	13,004
Large cap	46,742	-	-	46,742
Foreign	43,936	-	-	43,936
	155,595	-	-	155,595
	315,488	359,365	-	674,853
Other board-designated investments				
U.S. Treasury bills and notes	7,955	-	-	7,955
Corporate debt securities	-	117,194	-	117,194
Equity securities	22,292		-	22,292
Cash and equivalents	29,665	-	-	29,665
	59,912	117,194	-	177,106
Total	$ 375,400	$ 476,559	$ -	$ 851,959

The scheduled maturities of the debt securities as of August 31 (in thousands):

	2021	2020
Due within 1 year or less	$ 20,435	$ 130,682
Due after 1 year through 5 years	363,271	312,983
Due after 5 years	109,001	22,772
	492,707	466,437
Mortgage-backed securities, accrued interest, and other	90,152	72,494
	$ 582,859	$ 538,931

Investment income is composed of the following for the years ended August 31 (in thousands):

	2021	2020
Interest income	$ 16,693	$ 12,994
Net unrealized and realized gains	56,593	26,122
Dividends	5,410	6,257
Other	2,490	934
	$ 81,186	$ 46,307

NOTE 5 – PROPERTY, PLANT, AND EQUIPMENT, NET

Property, plant, and equipment, net consist of the following as of August 31 (in thousands):

	2021	2020
Land and land improvements	$ 46,157	$ 46,157
Buildings and improvements	1,036,459	1,023,041
Equipment	638,032	614,630
	1,720,648	1,683,828
Accumulated depreciation	(874,492)	(808,115)
	$ 846,156	$ 875,713

NOTE 6 – OTHER ASSETS

Other assets consist of the following as of August 31 (in thousands):

	2021	2020
Investment in rental properties	$ 48,726	$ 51,797
Real estate held for development	32,523	32,695
Intangible assets, net	6,940	6,940
Investment in joint ventures	8,796	11,392
Loan receivables	21,845	18,501
Other	1,351	706
	$ 120,181	$ 122,031

CHS owns rental properties, recorded at cost, net of accumulated depreciation. Investments in rental properties consist of the following as of August 31, 2021 and 2020, and are included in other assets in the accompanying consolidated balance sheets (in thousands):

	2021	2020
Land	$ 6,596	$ 6,597
Buildings and land improvements	71,946	71,848
Equipment	972	972
	79,514	79,417
Accumulated depreciation	(30,788)	(27,620)
	$ 48,726	$ 51,797

CHS leases certain rental properties to other parties under noncancelable operating leases. Future minimum payments scheduled to be received at August 31 by fiscal year and in the aggregate, under noncancelable operating leases consist of the following (in thousands):

Fiscal year	
2022	$ 6,699
2023	5,555
2024	4,872
2025	3,664
2026	2,654
Thereafter	6,546
	$ 29,990

NOTE 7 – LONG-TERM DEBT

Long-term debt consists of the following as of August 31 (in thousands):

	2021	2020
California Municipal Finance Authority		
Certificates of Participation (Community Hospitals of Central California Project) Series 2017, interest ranging from 4.00% to 5.00% payable semi-annually; principal payable in installments ranging from $7,865,000 in 2022 to $28,690,000 in 2047, collateralized by gross revenues.	$ 363,290	$ 370,775
Unamortized bond premium	25,255	26,967
Total certificates of participation	388,545	397,742
California Municipal Finance Authority		
Certificates of Participation (Community Hospitals of Central California Project) Series 2015, interest ranging from 4.00% to 5.00% payable semi-annually; principal payable in installments ranging from $2,215,000 in 2022 to $11,500,000 in 2040, collateralized by gross revenues.	116,150	118,255
Unamortized bond premium	5,924	6,314
Total certificates of participation	122,074	124,569
Other long-term debt	147,718	3,012
	658,337	525,323
Less unamortized financing costs, net	(2,273)	(2,364)
	656,064	522,959
Less current maturities	(11,210)	(10,504)
	$ 644,854	$ 512,455

Under the terms of the master trust indenture associated with the certificates of participation, certain members of CHS are designated as members of the Obligated Group. There are restrictive covenants requiring compliance by the Obligated Group. These include, among other things, limitations on the issuance of additional debt and the maintenance of certain financial ratios.

Scheduled principal repayments on long-term debt by fiscal year are as follows (in thousands):

	Long-term debt
2022	$ 11,210
2023	46,458
2024	51,518
2025	46,969
2026	47,367
Thereafter	423,636
	627,158
Add net unamortized bond premium	31,179
	$ 658,337

On October 20, 2020, CHS entered into two long-term debt agreements with a bank. The first is a $140,000,000 5-year term loan, interest at 1.95%, amortizing in years two through five and pre-payable after one year. The second is a $60,000,000 revolving line of credit with a required minimum balance of $5,000,000, 3-year term, interest at LIBOR plus 1.35% with a 0.50% floor (current rate 1.85%) and undrawn fee of 0.45%, cancellable at any time by CHS. There are restrictive covenants requiring compliance by CHS including, among other things, the maintenance of certain financial ratios. CHS exercised its right to cancel and the debt was fully repaid on November 1, 2021.

NOTE 8 – LINE OF CREDIT

CHS has a credit agreement with a bank that allows CHS to borrow up to $40,000,000. Under this agreement, borrowings bear interest on a LIBOR base. CHS has a separate agreement for $7,000,000 for credit card borrowing. Under this agreement credit card borrowings are interest-free and due monthly. Amounts applied for line of credit agreements totaled $2,287,000 as of both August 31, 2021 and 2020. The line of credit agreements are effective through September 2022. Outstanding credit card borrowings were $4,033,000 and $4,039,000 as of August 31, 2021 and 2020, respectively. There were no LIBOR-based borrowings as of these dates. A note securing the line of credit has been issued under the master trust indenture. The agreement expires on June 17, 2022. There are restrictive covenants requiring compliance by CHS including, among other things, the maintenance of certain financial ratios.

NOTE 9 – PENSION PLAN

CHS maintains a contributory defined benefit cash balance pension plan that, prior to January 1, 2017, covered substantially all employees upon their retirement. Effective January 1, 2017, CHS discontinued new enrollment to the defined benefit plan and implemented a new contributory defined contribution plan. Current employees were required to make a one-time choice between the two plans and those who did not choose to move to the new defined contribution plan remain in the defined benefit plan. All new employees will enter the contributory defined contribution plan.

Defined benefit plan – Benefit payments for participants in the plan are determined by the balance in the participant's account at retirement or separation. In addition to normal retirement benefits, under certain circumstances, the plan also provides early retirement, disability, death, and spousal benefits. Employees of CHS that are eligible for this plan become eligible to participate in the plan on January 1 or July 1 following the completion of 1,000 hours and one year of service. The vesting period is three years.

Mandatory contributions are made to the plan by the employees as specified in the plan documents. Total employee contributions to the plan for the years ended August 31, 2021 and 2020, were $3,846,000 and $4,061,000, respectively. Total employer contributions to the plan for both years ended August 31, 2021 and 2020 were $0. Total benefits paid for the years ended August 31, 2021 and 2020, were $3,089,000 and $18,002,000, respectively. The funded status is presented as a net pension benefit asset in the accompanying consolidated balance sheets as of August 31, 2021 and the unfunded status is presented as a noncurrent liability in the accompanying consolidated balance sheets as of August 31, 2020.

The following tables set forth the plan's benefit obligation, fair value of plan assets, and funded status as of August 31 (in thousands):

	2021	2020
Change in projected benefit obligation (PBO):		
PBO at beginning of year	$ 306,454	$ 288,171
Employer service cost	10,307	10,016
Interest cost	5,730	7,611
Actuarial loss	3,459	14,672
Plan participants' contributions	3,846	4,061
Benefits paid from plan assets	(3,089)	(18,002)
Administrative expenses paid	(81)	(76)
Settlements	(18,459)	-
PBO at end of year	$ 308,167	$ 306,453

	2021	2020
Change in plan assets:		
Fair value of assets at beginning of year	$ 289,203	$ 274,334
Actual return on assets	46,973	28,886
Employer contributions	-	-
Plan participants' contributions	3,846	4,061
Benefits paid	(3,089)	(18,002)
Administrative expenses paid	(81)	(76)
Settlements	(18,459)	-
Fair value of assets at end of year	$ 318,393	$ 289,203

	2021	2020
Funded status at end of year	$ 10,226	$ (17,250)
Funded accumulated benefit obligation	$ 25,606	$ 1,048
Pension benefit asset (obligation) recognized in consolidated balance sheets	$ 10,226	$ (17,250)
Accumulated benefit obligation at end of year	$ 292,787	$ 288,155

For 2021 and 2020, the service cost component of net periodic pension cost is included in salaries, wages, and benefits expense and the other components of net periodic pension cost are included in other revenue in the accompanying consolidated statements of operations. Components of net periodic pension cost include the following at August 31 (in thousands):

	2021	2020
Service cost	$ 10,307	$ 10,016
Interest cost	5,730	7,611
Expected return on plan assets	(19,549)	(18,585)
Recognized net actuarial losses	3,002	3,019
Settlement	2,065	3,019
Net periodic pension cost	$ 1,555	$ 5,080

	2021	2020
Amounts recognized in net assets:		
Net actuarial loss	$ 34,469	$ 63,501
Net prior service cost	-	-
	$ 34,469	$ 63,501

	2021	2020
Amounts recognized as changes in net assets:		
Net (gain) loss	$ (23,965)	$ 4,371
Settlement	(2,065)	-
Amortization of net loss	(3,002)	(3,020)
	$ (29,032)	$ 1,351

At August 31, 2021, the benefit obligation did not have a significant net actuarial loss. At August 31, 2020, the benefit obligation included a net actuarial loss of $14,672,000 primarily due to the decrease in the discount rate used to determine the benefit obligation from 2.99% in 2019 to 2.59% in 2020.

Actuarial assumptions used were as follows:

	2021	2020
Equivalent single discount rate for benefit obligations	2.77%	2.59%
Equivalent single discount rate for service cost	2.89%	2.76%
Equivalent single discount rate for interest cost	2.05%	1.86%
Expected long-term rate of return on plan assets	6.50%	7.00%
Rate of compensation increase	3.00%	3.00%
Cash balance (or similar formula) interest crediting rate	2.60%	2.60%

CHS's pension plan asset allocations at August 31 by asset category are as follows:

	2021	2020
Cash and equivalents	2%	2%
Debt securities	37%	37%
Equity securities	61%	61%
	100%	100%

The asset allocation policy for the pension plan is as follows: fixed income securities 30% to 60% (which may include U.S. government securities and U.S. government agency bonds, corporate notes and bonds, mortgage-backed bonds, preferred stock, and the fixed income securities of foreign governments and corporations); equity securities 30% to 70% (which may include domestic common stock, convertible notes and bonds, convertible preferred stocks, foreign equity securities); mutual funds and limited liability companies or partnerships that invest in allowed securities as defined above and alternative investments 0% to 15%.

CHS's investment strategy for pension plan assets is designed to emphasize long-term growth of principal while avoiding excessive risk. The investment performance of the total portfolio, as well as asset class components, is measured against commonly accepted performance benchmarks.

The expected long-term rate of return on plan assets is the expected average rate of return on the funds invested currently and on funds to be invested in the future in order to provide for the benefits included in the projected benefit obligation. The CHS pension plan used 6.50% and 7.00% in calculating the 2021 and 2020 expense amounts, respectively. This assumption is based on capital market assumptions and the plan's target asset allocation. CHS continues to monitor the expected long-term rate of return if changes in those parameters cause 6.50% - 7.00% to be outside of a reasonable range of expected returns, or if actual plan returns over an extended period of time suggest general market assumptions are not representative of expected plan results.

The following table presents the plan assets measured at fair value at August 31, 2021, (in thousands):

	2021			
Investments	Level 1	Level 2	Level 3	Fair value total
Cash and equivalents	$ 6,283	$ -	$ -	$ 6,283
U.S. Treasury and U.S. agency fixed income:				
U.S. Treasury bills and notes	32,689	-	-	32,689
U.S. government agency debt	-	25,935	-	25,935
	32,689	25,935	-	58,624
Corporate fixed income:				
Asset-backed securities	-	13,283	-	13,283
Mortgage-backed	-	8	-	8
Municipal	-	1,056	-	1,056
Other	-	45,258	-	45,258
	-	59,605	-	59,605
Common stocks:				
ADRs	6,468	-	-	6,468
Health care	9,881	-	-	9,881
Utilities	2,393	-	-	2,393
Financials	14,051	-	-	14,051
Consumer staples	5,937	-	-	5,937
Consumer discretionary	15,416	-	-	15,416
Materials	1,787	-	-	1,787
Energy	1,983	-	-	1,983
Information technology	38,411	-	-	38,411
Industrials	7,744	-	-	7,744
Telecommunication services	1,219	-	-	1,219
	105,290	-	-	105,290
Mutual funds:				
Small Cap	10,463	-	-	10,463
Mid Cap	3,064	-	-	3,064
ETF	46,743	-	-	46,743
Foreign	28,321	-	-	28,321
	88,591	-	-	88,591
	$ 232,853	$ 85,540	$ -	$ 318,393

The following table presents the plan assets measured at fair value at August 31, 2020, (in thousands):

	2020			
Investments	Level 1	Level 2	Level 3	Fair value total
Cash and equivalents	$ 6,309	$ -	$ -	$ 6,309
U.S. Treasury and U.S. agency fixed income:				
U.S. Treasury bills and notes	25,702	-	-	25,702
U.S. government agency debt	-	24,788	-	24,788
	25,702	24,788	-	50,490
Corporate fixed income:				
Asset-backed securities	-	10,415	-	10,415
Mortgage-backed	-	109	-	109
Municipal	-	2,520	-	2,520
Other	-	42,852	-	42,852
	-	55,896	-	55,896
Common stocks:				
ADRs	4,927	-	-	4,927
Health care	10,554	-	-	10,554
Utilities	3,039	-	-	3,039
Financials	10,410	-	-	10,410
Consumer staples	6,442	-	-	6,442
Consumer discretionary	14,404	-	-	14,404
Materials	1,703	-	-	1,703
Energy	1,992	-	-	1,992
Information technology	33,823	-	-	33,823
Industrials	5,912	-	-	5,912
Telecommunication services	1,505	-	-	1,505
	94,711	-	-	94,711
Mutual funds:				
Small Cap	15,420	-	-	15,420
Mid Cap	5,551	-	-	5,551
ETF	27,859	-	-	27,859
Foreign	32,967	-	-	32,967
	81,797	-	-	81,797
	$ 208,519	$ 80,684	$ -	$ 289,203

For information about the valuation techniques and inputs to measure fair value of the plan assets, see discussion included in the fair value measurement discussion at Note 4.

The following pension benefit payments reflect expected future service. Payments expected to be paid over the next ten years are as follows (in thousands):

2022	$ 22,553,260
2023	$ 20,133,424
2024	$ 20,238,225
2025	$ 20,342,151
2026	$ 21,096,789
2027-2031	$ 102,903,700

CHS expects to contribute $0 to the pension plan during the 2022 fiscal year.

Defined contribution plan – Employees of CHS that are eligible for this plan become eligible to participate in the plan on January 1 or July 1 following the completion of 1,000 hours and one year of service. The vesting period is three years. Mandatory contributions are made to the plan by the employees as specified in the plan documents. Total employer contributions to the plan for the years ended August 31, 2021 and 2020, were $13,382,000 and $11,537,000, respectively.

Other plans – CHS provides various supplemental executive retirement plans (SERPs). During 2013, it entered into a collateral assignment split dollar agreement with an executive. CHS has invested $5,790,000 into this plan and is entitled to receive a return of these funds, plus interest at a rate of 1.94%, upon the death of the executive. In 2019, CHS entered into a collateral assignment split dollar agreement with eleven executives. CHS invested $10,491,000 into these plans and is entitled to receive a return of these funds, plus interest of 1.86% upon the death of these executives. In 2020, CHS entered into a collateral assignment split dollar agreement with two executives. CHS invested $1,198,000 into these plans and is entitled to receive a return of these funds, plus interest of 1.01% upon the death of these executives. In 2021 CHS entered into a collateral assignment split dollar agreement with one executive. CHS invested $1,020,000 into this plan and is entitled to receive a return of these funds, plus interest of 1.46%, upon the death of the executive. An executive participates in a deferred compensation plan. During fiscal years 2021 and 2020, CHS contributed approximately $874,000 and $0, respectively, to this plan.

At both August 31, 2021 and 2020, the aggregate liability for all plans was $742,000.

NOTE 10 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are available for the following purposes as of August 31 (in thousands):

	2021	2020
Net assets with donor restrictions for specified programs:		
Specific patient care services	$ 13,678	$ 12,724
Purchase of certain equipment	766	482
Scholarships and other education	3,481	3,399
Other	14,270	13,597
	32,195	30,202
Net assets with donor restrictions to be maintained in perpetuity	484	384
Total net assets with donor restrictions	$ 32,679	$ 30,586

NOTE 11 – FUNCTIONAL CLASSIFICATION OF OPERATING EXPENSES

The following is a summary of management's estimated functional classification of operating expenses for the years ended August 31, 2021 and 2020 (in thousands):

	2021			
	Management and general	Fundraising	Program services	Total
Salaries, wages, and benefits	$ 13,675	$ 2,971	$ 897,785	$ 914,431
Supplies	5,755	58	386,397	392,210
Outside services	27,271	433	365,639	393,343
Insurance	78	5	7,879	7,962
Depreciation and amortization	4,564	34	73,737	78,335
Rental and lease	89	4	7,882	7,975
Interest	87	1	14,172	14,260
Utilities	766	3	18,495	19,264
Other	1,680	157	14,159	15,996
Quality assurance fee	-	-	108,168	108,168
	$ 53,965	$ 3,666	$ 1,894,313	$ 1,951,944

	2020			
	Management and general	Fundraising	Program services	Total
Salaries, wages, and benefits	$ 8,539	$ 2,635	$ 796,464	$ 807,638
Supplies	5,689	81	320,647	326,417
Outside services	20,994	402	308,690	330,086
Insurance	1,018	-	8,434	9,452
Depreciation and amortization	4,472	40	75,106	79,618
Rental and lease	190	5	8,510	8,705
Interest	100	1	16,961	17,062
Utilities	693	3	17,948	18,644
Other	2,304	188	25,885	28,377
Quality assurance fee	-	-	134,413	134,413
	$ 43,999	$ 3,355	$ 1,713,058	$ 1,760,412

CHS has determined that the corporate structure described in Note 1 supports the functional classification as follows:

- Program services – Acute care services, CHP
- Management and general – Corporate activities, CISC, CCHP
- Fundraising – Development activities

Costs not directly attributable to a function, including insurance expense, are allocated to a function on the basis of time and effort.

NOTE 12 – LEASES

CHS leases equipment, office space, and office buildings. CHS has taken the reasonable certainty of exercising the renewal options into consideration, and if applicable, has recognized the renewal options as part of the right-of-use assets and lease liabilities.

At August 31, 2021 and 2020, right-of-use assets and lease liabilities were as follows (in thousands):

Assets	**Classification**	2021	2020
Operating	Right-of-use assets	$ 35,594	$ 38,255
Financing	Right-of-use assets	5,486	7,642
	Total right-of-use-assets	$ 41,080	$ 45,897
Liabilities	**Classification**		
Current			
Operating	Lease liabilities short-term	$ 3,357	$ 3,200
Financing	Lease liabilities short-term	2,224	2,089
Non-Current			
Operating	Lease liabilities long-term	32,237	35,055
Financing	Lease liabilities long-term	3,786	6,009
Total lease liabilities		$ 41,604	$ 46,353

For the years ended August 31, 2021 and 2020, total lease cost incurred by lease type and type of payment were as follows (in thousands):

	2021	2020
Operating lease expense	$ 6,119	$ 4,834
Short-term lease expense	1,856	3,871
Finance lease expense:		
Amortization of lease assets	4,309	2,152
Interest on lease liabilities	481	606
Total lease expense	$ 12,765	$ 11,463

For the years ended August 31, 2021 and 2020, other supplemental quantitative disclosures were as follows (in thousands):

Cash paid for amounts included in the measurement of lease liabilities:

	2021	2020
Finance cash flows used for finance leases	$ (2,089)	$ (1,959)
Operating cash flows used for finance leases	$ (481)	$ (606)
Operating cash flows used for operating leases	$ (6,119)	$ (4,834)
Additions to right-of-use assets obtained in the period from operating leases	$ 509	$ -
Additions to right-of-use assets obtained in the period from finance leases	$ -	$ -
Weighted-average remaining lease term (years):		
Operating leases	10.09	11.63
Finance leases	2.74	3.68
Weighted-average discount rate:		
Operating leases	4.19%	4.18%
Finance leases	6.80%	6.67%

At August 31, 2021, the undiscounted future lease payments over the lease term for operating and finance leases, along with a reconciliation of the undiscounted cash flows to operating and finance lease liabilities, were as follows (in thousands):

Years Ending August 31	Finance	Operating
2022	$ 2,570	$ 4,781
2023	2,209	4,348
2024	1,849	4,348
2025	4	4,067
2026	-	4,031
Thereafter	-	22,652
Total lease payments	6,632	44,227
Less amount representing interest	(622)	(8,633)
Lease liability	$ 6,010	$ 35,594

NOTE 13 – COMMITMENTS AND CONTINGENCIES

Claims and regulatory environment – CHS is involved in various claims and litigation, as both plaintiff and defendant, arising in the ordinary course of business. The health care industry is subjected to numerous laws and regulations of federal, state, and local governments. These laws and regulations include, but are not necessarily limited to, matters such as licensure, accreditation, government health care program participation requirements, reimbursement for patient services, and Medicare fraud and abuse. Government activity remains at a high level with respect to investigations and allegations across the nation concerning possible violations of fraud and abuse statutes and regulations by health care providers. Violations of these laws and regulations could result in expulsion from government health care programs together with imposition of significant fines and penalties, as well as significant repayments for patient services previously billed.

As disclosed in Notes 2 and 3, Medicare and Medi-Cal government reimbursement programs account for a substantial amount of CHS's net patient service revenues. Expenditure reduction efforts and budget concerns within the United States and California legislature continue to create uncertainty over the volume of future health care funding. It is at least reasonably possible that future reimbursements for patient services under these programs could be negatively impacted.

Grants to Medical Foundation – Prior to August 31, 2020, CHS made significant grants to the Santé Health Foundation (SHF) to support its efforts to recruit needed specialists and primary care physicians to the Fresno area as well as its efforts to install electronic health record systems in local physicians' offices. Grants of $0 and $15,259,000 and grant payments of $0 and $21,115,000 were made in 2021 and 2020, respectively.

CHS provides a $7,000,000 line of credit (LOC) to SHF that expires on May 31, 2024. At December 31 of each year in which SHF takes an advance that remains unpaid, the principal and accrued interest balance converts to a ten-year note payable in equal annual installments. The aggregate outstanding principal balances of all LOC advances and notes payable may not exceed $7,000,000 at any time, and effective August 31, 2021 no additional borrowing is allowed on the LOC. All borrowings bear interest at the applicable federal rate and are secured by the accounts receivable of SHF. As of August 31, 2021 and 2020, $1,369,000 and $2,666,000 was due to CHS, respectively, which are recorded as other receivables in the accompanying consolidating balance sheets.

As of September 1, 2016, CHS became the sole member of SHF but did not have control over the operations nor the appointment of Board members. Due to the lack of control, SHF was not consolidated into CHS's consolidated financial statements. As of July 2020, CHS withdrew as the sole member of SHF, which did not have an impact on the consolidated financial statements.

Capital projects in progress – As of August 31, 2021, CHS spent $284,947,000 related to various construction and other capital projects in progress under contractual arrangements. CHS estimates an additional $144,265,000 will be required through fiscal 2022 to complete the projects. As of August 31, 2021, CHS has outstanding commitments with contractors for approximately $111,312,000 related to these projects.

NOTE 14 – LIQUIDITY AND AVAILABILITY

As of August 31, 2021, CHS has negative working capital of $15,218,000 due to an increase in deferred Hospital Fee Program revenue of $88,002,000. As of August 31, 2020, CHS has working capital of $204,541,000.

Financial assets available for general expenditure within one year of the consolidated balance sheet date, consist of the following (in thousands):

	2021	2020
Cash and equivalents	$ 79,139	$ 168,555
Patient accounts receivable, net	330,577	257,365
Due from State of California for supplemental funding	21,558	14,953
Other receivables	70,375	52,605
Short-term investments	15,906	113,844
Board-designated assets	908,971	673,896
Total liquid and available	$ 1,426,526	$ 1,281,218

CHS has other assets limited to use for donor-restricted purposes, debt service, and for the professional and general liability captive insurance program. These assets limited to use, which are more fully described in Note 4, are not available for general expenditure within the next year and are not reflected in the amounts above.

As part of CHS's liquidity management plan, cash in excess of daily requirements are invested in short-term investments and money market funds.

Additionally, CHS maintains a $40,000,000 line of credit, as discussed in more detail in Note 8. As of August 31, 2021 and 2020, $37,713,000 and $33,674,000, respectively, remained available on CHS's line of credit.

As of August 31, 2021, management believes that CHS was in compliance with bond covenants.

Supplementary Information

Community Hospitals of Central California and Affiliated Corporations
dba Community Health System
Consolidating Schedule – Balance Sheet (In Thousands)
August 31, 2021

Assets	Acute care services	Community Hospitals of Central California	Community Health Partners	Other corporate activities	Community Insurance Services Company	Community Care Health Plan	Development activities	Eliminations	Consolidated
Current assets:									
Cash and equivalents	$ 59,152	$ 550	$ 7,410	$ -	$ -	$ 12,027	$ -	$ -	$ 79,139
Short-term investments	15,906	-	-	-	-	-	-	-	15,906
Patient accounts receivable, net	327,820	-	2,513	244	-	-	-	-	330,577
Due from State of California for supplemental funding	21,558	-	-	-	-	-	-	-	21,558
Other receivables	66,390	2,532	1,752	-	-	162	-	(461)	70,375
Inventories	19,558	-	-	259	-	-	-	-	19,817
Prepaid expenses and other	56,287	8,766	110	-	2,137	72	24	-	67,396
Total current assets	566,671	11,848	11,785	503	2,137	12,261	24	(461)	604,768
Assets limited as to use:									
Board-designated assets	906,802	983	-	-	-	-	1,186	-	908,971
Assets held by trustee for:									
Self-insurance in captive insurance company	-	-	-	-	26,076	-	-	-	26,076
Donor-restricted assets	-	-	-	-	-	-	32,679	-	32,679
Total assets limited as to use	906,802	983	-	-	26,076	-	33,865	-	967,726
Property, plant, and equipment, net	791,195	54,092	732	72	-	59	6	-	846,156
Construction in progress	311,662	1,469	193	-	-	-	-	-	313,324
Right-of-use assets	32,302	8,270	3,731	-	-	-	-	(3,223)	41,080
Net pension benefit asset	-	10,226	-	-	-	-	-	-	10,226
Other assets	73,489	66,377	-	35	-	-	-	(19,720)	120,181
Total assets	$ 2,682,121	$ 153,265	$ 16,441	$ 610	$ 28,213	$ 12,320	$ 33,895	$ (23,404)	$ 2,903,461

See accompanying independent auditors' report.

Community Hospitals of Central California and Affiliated Corporations
dba Community Health System
Consolidating Schedule – Balance Sheet (In Thousands) (continued)
August 31, 2021

Liabilities and net assets	Acute care services	Community Hospitals of Central California	Community Health Partners	Other corporate activities	Community Insurance Services Company	Community Care Health Plan	Development activities	Eliminations	Consolidated
Current liabilities:									
Accounts payable	$ 110,204	$ 6,282	$ 3,054	$ 28	$ 66	$ 1,096	$ 12	$ -	$ 120,742
Accrued compensation and employee benefits	80,897	29,297	-	204	-	5,149	335	-	115,882
Estimated third-party settlements	48,267	-	-	-	-	-	-	-	48,267
Other accrued liabilities and deferred revenue	314,463	290	-	2	4,005	4	-	(461)	318,303
Lease liabilities short-term	3,781	1,620	1,488	-	-	-	-	(1,308)	5,581
Current maturities of long-term debt	10,653	557	-	-	-	-	-	-	11,210
Total current liabilities	568,265	38,046	4,542	234	4,071	6,249	347	(1,769)	619,985
Intercompany (receivable) payable	(89,488)	32,211	37,034	6,097	-	-	14,146	-	-
Long-term debt, less current maturities	493,917	150,937	-	-	-	-	-	-	644,854
Lease liabilities long-term	28,983	6,711	2,244	-	-	-	-	(1,915)	36,023
Other long-term obligations	60,721	1,824	-	-	10,494	-	-	-	73,039
Total liabilities	1,062,398	229,729	43,820	6,331	14,565	6,249	14,493	(3,684)	1,373,901
Net assets (deficit):									
Without donor restrictions	1,619,723	(76,464)	(27,379)	(5,721)	13,648	6,071	(13,277)	(19,720)	1,496,881
With donor restrictions	-	-	-	-	-	-	32,679	-	32,679
Total net assets (deficit)	1,619,723	(76,464)	(27,379)	(5,721)	13,648	6,071	19,402	(19,720)	1,529,560
Total liabilities and net assets (deficit)	$ 2,682,121	$ 153,265	$ 16,441	$ 610	$ 28,213	$ 12,320	$ 33,895	$ (23,404)	$ 2,903,461

Community Hospitals of Central California and Affiliated Corporations
dba Community Health System
Consolidating Schedule – Statement of Operations (In Thousands)
Year Ended August 31, 2021

	Acute care services	Community Hospitals of Central California	Community Health Partners	Other corporate activities	Community Insurance Services Company	Community Care Health Plan	Development activities	Eliminations	Consolidated
Revenues, gains, and other support without donor restrictions:									
Net patient service revenues	$ 1,772,454	$ -	$ 9,538	$ 3,012	$ -	$ -	$ -	$ -	$ 1,785,004
Premium revenue	44,937	-	-	-	6,819	65,880	-	(53,559)	64,077
Investment income	84,664	89	-	-	1,642	-	27	(5,236)	81,186
Other revenue	58,976	24,019	4,372	3,620	-	579	36	(5,765)	85,837
Total revenues, gains, and other support without donor restrictions	1,961,031	24,108	13,910	6,632	8,461	66,459	63	(64,560)	2,016,104
Expenses:									
Salaries, wages, and benefits	885,963	11,305	5,860	2,370	-	-	2,972	5,961	914,431
Supplies	384,640	584	1,757	5,171	-	-	58	-	392,210
Outside services	339,881	7,012	31,719	240	309	70,798	433	(57,049)	393,343
Insurance	11,064	195	17	7	2,895	598	5	(6,819)	7,962
Depreciation and amortization	73,569	4,476	167	88	-	-	35	-	78,335
Rental and lease	7,468	159	1,714	47	-	-	4	(1,417)	7,975
Interest	14,172	86	-	1	-	-	1	-	14,260
Utilities	18,491	762	4	4	-	-	3	-	19,264
Other	14,107	1,075	51	45	21	540	157	-	15,996
Quality assurance fee	108,168	-	-	-	-	-	-	-	108,168
Total expenses	1,857,523	25,654	41,289	7,973	3,225	71,936	3,668	(59,324)	1,951,944
Excess (deficit) of revenues, gains, and other support over expenses	103,508	(1,546)	(27,379)	(1,341)	5,236	(5,477)	(3,605)	(5,236)	64,160
Net assets released from restrictions for equipment acquisition	1,039	5	-	-	-	-	-	-	1,044
Change in pension benefit obligation	-	29,032	-	-	-	-	-	-	29,032
Intercompany eliminations	(5,477)	-	-	-	-	-	-	5,477	-
Other	1	(1)	-	(1)	-	-	-	1	-
Change in net assets without donor restrictions	$ 99,071	$ 27,490	$ (27,379)	$ (1,342)	$ 5,236	$ (5,477)	$ (3,605)	$ 242	$ 94,236

See accompanying independent auditors' report.

Community Hospitals of Central California and Affiliated Corporations
dba Community Health System
Consolidating Schedule – Statement of Changes in Net Assets (In Thousands)
Year Ended August 31, 2021

	Acute care services	Community Hospitals of Central California	Community Health Partners	Other corporate activities	Community Insurance Services Company	Community Care Health Plan	Development activities	Eliminations	Consolidated
Net assets (deficit) without donor restrictions:									
Balance at August 31, 2020	$ 1,520,652	$ (103,954)	$ -	$ (4,379)	$ 8,412	$ 11,548	$ (9,672)	$ (19,962)	$ 1,402,645
Excess (deficit) of revenues, gains, and other support over expenses	103,508	(1,546)	(27,379)	(1,341)	5,236	(5,477)	(3,605)	(5,236)	64,160
Net assets released from restrictions for equipment acquisition	1,039	5	-	-	-	-	-	-	1,044
Change in pension benefit obligation	-	29,032	-	-	-	-	-	-	29,032
Intercompany eliminations	(5,477)	-	-	-	-	-	-	5,477	-
Other	1	(1)	-	(1)	-	-	-	1	-
Change in net assets without donor restrictions	99,071	27,490	(27,379)	(1,342)	5,236	(5,477)	(3,605)	242	94,236
Balance at August 31, 2021	$ 1,619,723	$ (76,464)	$ (27,379)	$ (5,721)	$ 13,648	$ 6,071	$ (13,277)	$ (19,720)	$ 1,496,881
Net assets with donor restrictions:									
Balance at August 31, 2020	$ -	$ -	$ -	$ -	$ -	$ -	$ 30,586	$ -	$ 30,586
Donor-restricted contributions	-	-	-	-	-	-	5,259	-	5,259
Net assets released from restriction and used for operations	-	-	-	-	-	-	(2,122)	-	(2,122)
Net assets released from restrictions for equipment acquisition	-	-	-	-	-	-	(1,044)	-	(1,044)
Change in net assets with donor restrictions	-	-	-	-	-	-	2,093	-	2,093
Balance at August 31, 2021	$ -	$ -	$ -	$ -	$ -	$ -	$ 32,679	$ -	$ 32,679

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APPENDIX C-1

SUMMARY OF MASTER INDENTURE OF TRUST, SUPPLEMENT NO. 12 AND SUPPLEMENT NO. 13

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APPENDIX C-1

SUMMARY OF MASTER INDENTURE OF TRUST, SUPPLEMENT NO. 12 AND SUPPLEMENT NO. 13

The following is a summary of certain provisions of the Master Indenture of Trust, dated as of May 1, 2007 (as originally executed and as it may be from time to time heretofore or hereafter be supplemented, modified or amended in accordance with its terms, including as supplemented by Supplement No. 12 and Supplement No. 13 and, upon the Effective Date (as defined in the Amended and Restated Master Indenture), as may be amended by the Amended and Restated Master Indenture, the "Master Indenture" or the "Master Indenture of Trust"), among Community Hospitals of Central California ("CHCC" or the "Corporation") and certain of its affiliates, including Fresno Community Hospital and Medical Center (d/b/a Community Health System) ("FCH"), and The Bank of New York Mellon Trust Company, N.A. ("BNY"), as master trustee, the Supplemental Master Indenture of Trust for Obligation No. 12, dated as of December 1, 2021 ("Supplement No. 12") and the Supplemental Master Indenture of Trust for Obligation No. 13 ("Supplement No. 13"), dated as of December 1, 2021, each between CHCC, acting on behalf of itself and the other Members of the Obligated Group (as such terms are defined in the Master Indenture), and BNY, as master trustee. This summary does not purport to be comprehensive or definitive, is supplemental to the summary of other provisions of such documents which are described elsewhere in this Official Statement and is qualified in its entirety by reference to the full terms of the Master Indenture of Trust, Supplement No. 12 and Supplement No. 13. All capitalized terms not defined in this Official Statement have the meanings set forth in the Master Indenture.

DEFINITIONS OF CERTAIN TERMS

Accountant means any firm of independent certified public accountants of national or regional reputation selected by the Obligated Group Representative.

Affiliated Corporation means any corporation which, directly or indirectly through one or more intermediaries, controls, is controlled by or is under common control with, an Obligated Group Member.

Annual Debt Service means for each Fiscal Year the sum (without duplication) of (1) the aggregate amount of principal and interest becoming due and payable in such Fiscal Year on all Long-Term Indebtedness of the Obligated Group then Outstanding and (2) the aggregate amount of Obligation Payments becoming due and payable in such Fiscal Year (in either case by scheduled maturity, acceleration, mandatory redemption or otherwise), less any amounts of such principal, interest or Obligation Payments to be paid during such Fiscal Year from (a) the proceeds of Indebtedness or (b) moneys or Government Obligations deposited in trust for the purpose of paying such principal, interest or Obligation Payments; provided that if a Financial Products Agreement has been entered into by any Obligated Group Member with respect to Long-Term Indebtedness, interest on such Long-Term Indebtedness shall be included in the calculation of Annual Debt Service by including for each Fiscal Year an amount equal to the amount of interest payable on such Long-Term Indebtedness in such Fiscal Year at the rate or rates stated in such Long-Term Indebtedness plus any Financial Product Payments payable in such Fiscal Year minus any Financial Product Receipts receivable in such Fiscal Year; provided that in no event shall any calculation made pursuant to this clause result in a number less than zero being included in the calculation of Annual Debt Service.

Annual Debt Service Coverage Ratio means, for any Fiscal Year, the ratio determined by dividing Income Available for Debt Service by Annual Debt Service for such Fiscal Year.

Authorized Representative means with respect to each Obligated Group Member, its chairman of the board, president, chief executive officer, chief operating officer, senior vice president, chief financial officer, treasurer or any other person designated as an Authorized Representative of such Obligated Group Member by a Certificate of that Obligated Group Member signed by its chairman of the board, president, chief executive officer, chief operating officer, senior vice president, chief financial officer or treasurer and filed with the Master Trustee.

Balloon Indebtedness means Long-Term Indebtedness, 25% or more of the principal of which (calculated as of the date of issuance) becomes due during any period of 12 consecutive months, if such maturing principal amount is not required by the debt instrument to be amortized below such percentage by mandatory redemption prior to such 12-month period.

Book Value means, when used in connection with Property, Plant and Equipment or other Property of any Obligated Group Member, the value of such property, net of accumulated depreciation, as it is carried on the books of such Obligated Group Member and in conformity with generally accepted accounting principles, and when used in connection with Property, Plant and Equipment or other Property of the Obligated Group, means the aggregate of the values so determined with respect to such Property of each Obligated Group Member determined in such a way that no portion of such value of Property of any Obligated Group Member is included more than once.

Collateral means the Gross Revenues and the Gross Revenue Fund and the proceeds thereof.

Completion Indebtedness means any Long-Term Indebtedness incurred for the purpose of financing the completion of construction or equipping of any project for which Long-Term Indebtedness has theretofore been incurred in accordance with the provisions of the Master Indenture to the extent necessary to provide a completed and fully equipped facility of the type and scope contemplated at the time said Long-Term Indebtedness was incurred, and in accordance with the general plans and specifications for such facility as originally prepared and approved in connection with the related financing, modified or amended only in conformance with the provisions of the documents pursuant to which the related financing was undertaken.

Corporate Trust Office means the office of the Master Trustee at which its principal corporate trust business is conducted, or at such other or additional offices as shall be specified by the Master Trustee in a writing delivered to the Obligated Group Representative.

Debt Service Coverage Ratio means, for any period of time, the ratio determined by dividing Income Available for Debt Service by Maximum Annual Debt Service.

Default means an event that, with the passage of time or the giving of time or both, would become an Event of Default.

Depository Bank means the banking institution or institutions at which Members of the Obligated Group deposit Gross Revenues.

Event of Default means any of the events of default specified in the Master Indenture.

Facilities means the health care facilities comprising the Project owned and operated by a Member of the Obligated Group.

Fair Market Value, when used in connection with Property, means the fair market value of such Property as determined by either:

(1) an appraisal of the portion of such Property which is real property made within 5 years of the date of determination by a "Member of the Appraisal Institute" and by an appraisal of the portion of such Property which is not real property made within 5 years of the date of determination by any expert qualified in relation to the subject matter, provided that any such appraisal shall be performed by an Independent Consultant, adjusted for the period, not in excess of 5 years, from the date of the last such appraisal for changes in the implicit price deflator for the gross national product as reported by the United States Department of Commerce or its successor agency, or if such index is no longer published, such other index certified to be comparable and appropriate in an Officer's Certificate delivered to the Master Trustee;

(2) a bona fide offer for the purchase of such Property made on an arm's-length basis within 6 months of the date of determination, as established by an Officer's Certificate; or

(3) an officer of the Obligated Group Representative (whose determination shall be made in good faith and set forth in an Officer's Certificate filed with the Master Trustee) if the fair market value of such Property is less than or equal to $1,000,000.

FCH means Fresno Community Hospital and Medical Center (d/b/a Community Health System), a nonprofit public benefit corporation duly organized and existing under the laws of the State of California and its successors.

Financial Products Agreement means an interest rate swap, asset swap, basis swap, cap, collar, direct funding transaction, option, floor, or other derivative, hedging agreement, arrangement or security, however denominated, entered into on either a current or forward basis identified to the Master Trustee in a Certificate of the Obligated Group Representative as having been entered into by an Obligated Group Member with a Qualified Provider: (a) with respect to Indebtedness for the purpose of (1) reducing or otherwise managing the Obligated Group Member's risk of interest rate changes or (2) effectively converting the Obligated Group Member's interest rate exposure, in whole or in part, from a fixed rate exposure to a variable rate exposure, or from a variable rate exposure to a fixed rate exposure; or (b) for any other interest rate, investment, asset or liability management purpose.

Financial Product Extraordinary Payments means any payments required to be paid to a counterparty by an Obligated Group Member pursuant to a Financial Product Agreement in connection with the termination thereof, tax gross-up payments, expenses, default interest, and any other payments or indemnification obligations to be paid to a counterparty by an Obligated Group Member under a Financial Product Agreement, which payments are not Financial Product Payments.

Financial Product Payments means regularly scheduled payments required to be paid to a counterparty by an Obligated Group Member pursuant to a Financial Products Agreement.

Financial Product Receipts means regularly scheduled payments required to be paid to an Obligated Group Member by a counterparty pursuant to a Financial Products Agreement.

Fiscal Year means the period beginning on September 1 of each year and ending on the next succeeding August 31, or any other twelve-month period hereafter designated by the Obligated Group Representative as the fiscal year of the Obligated Group.

Governing Body means, when used with respect to any Obligated Group Member, its board of directors, board of trustees or other board or group of individuals in which all of the powers of such Obligated Group Member are vested, except for those powers reserved to the corporate membership of such Obligated Group Member by the articles of incorporation or bylaws of such Obligated Group Member.

Government Issuer means any municipal corporation, political subdivision, state, territory or possession of the United States, or any constituted authority or agency or instrumentality of any of the foregoing empowered to issue obligations on behalf thereof, which obligations would constitute Related Bonds under the Master Indenture.

Government Obligations means: (1) direct obligations of the United States of America (including obligations issued or held in book-entry form on the books of the Department of the Treasury of the United States of America) or obligations the timely payment of the principal of and interest on which are fully guaranteed by the United States of America; (2) obligations issued or guaranteed by any agency, department or instrumentality of the United States of America if the obligations issued or guaranteed by such entity are rated in one of the two highest rating categories of a Rating Agency (without regard to any gradation of such rating category); (3) certificates which evidence ownership of the right to the payment of the principal of and interest on obligations described in clauses (1) and/or (2), provided that such obligations are held in the custody of a bank or trust company in a special account separate from the general assets of such custodian; and (4) obligations the interest on which is excluded from gross income for purposes of federal income taxation pursuant to Section 103 of the Internal Revenue Code of 1986, and the timely payment of the principal of and interest on which is fully provided for by the deposit in trust of cash and/or obligations described in clauses (1), (2) and/or (3).

Gross Revenues means all revenues, income, receipts and money received by each Member, including: (a) gross revenues collected from its operations and possession of and pertaining to its properties; (b) gifts, grants, bequests, donations and contributions, exclusive of any gifts, grants, bequests, donations and contributions to the extent specifically restricted by the donor to a particular purpose inconsistent with their use for the payment of Required Payments or the payment of operating expenses; (c) proceeds derived from (i) condemnation proceeds, (ii) accounts receivable, (iii) securities and other investments, (iv) inventory and other tangible and intangible property, (v) medical reimbursement programs and agreements, (vi) insurance proceeds, and (vii) contract rights and other rights and assets now or hereafter owned, held or possessed by or on behalf of any Member; and (d) rentals received from the lease of office space.

Gross Revenue Fund means the fund by that name established pursuant to the provisions of the Master Indenture.

Guaranty means all loan commitments and all obligations of any Obligated Group Member guaranteeing in any manner whatever, whether directly or indirectly, any obligation of any other Person, that would, if such other Person were an Obligated Group Member, constitute Indebtedness or a Financial Product Payment.

Holder, means the registered owner of any Obligation in registered form or the bearer of any Obligation in coupon form that is not registered or is registered to bearer.

Immaterial Affiliates means Persons whose combined total revenues (calculated as if such Persons were Members of the Obligated Group), as shown on their financial statements for their most recently completed fiscal year, were less than 10% of the Total Revenues of the Obligated Group (including the Total Revenues of such Persons) as shown on the audited financial statements for the most recently completed Fiscal Year of the Obligated Group.

Income Available for Debt Service means, as to any period of time, the combined excess of revenues over expenses (or, in the case of for-profit Obligated Group Members, net income after taxes) of the Obligated Group Members for such period, as determined in accordance with generally accepted accounting principles, to which shall be added depreciation, amortization and interest expense (and Obligation Payments to the extent that such Obligation Payments are treated as an expense during such

period of time in accordance with generally accepted accounting principles), provided that the calculation shall not include (1) any gain or loss resulting from (a) the extinguishment of Indebtedness, (b) any disposition of capital assets not made in the ordinary course of business, (c) any discontinued operations or (d) adjustments to the value of assets or liabilities resulting from changes in generally accepted accounting principles, (2) unrealized gains or losses on marketable securities held by an Obligated Group Member as of the last date of such period of time, (3) unrealized gains or losses resulting from changes in valuation of Financial Product Agreements and other hedging or derivative instruments, (4) unrealized gains or losses from the write-down, reappraisal or revaluation of assets including investments for "other than temporary" declines in value, (5) any extraordinary gains or losses or (6) any nonrecurring items which do not involve the receipt, expenditure or transfer of assets.

Indebtedness means any Guaranty (other than any Guaranty by any Obligated Group Member of Indebtedness of any other Obligated Group Member) and any obligation of any Obligated Group Member (1) for borrowed money, (2) with respect to leases which are considered capital leases or (3) under installment sale agreements, in each case as determined in accordance with generally accepted accounting principles; provided, however, that if more than one Obligated Group Member shall have incurred or assumed a Guaranty of a Person other than an Obligated Group Member, or if more than one Obligated Group Member shall be obligated to pay any obligation, for purposes of any computations or calculations under the Master Indenture such Guaranty or obligation shall be included only one time. Financial Products Agreements shall not constitute Indebtedness.

Independent Consultant means a firm (but not an individual) which (1) is in fact independent, (2) does not have any direct financial interest or any material indirect financial interest in any Obligated Group Member (other than the agreement pursuant to which such firm is retained), (3) is not connected with any Obligated Group Member as an officer, employee, promoter, trustee, partner, director or person performing similar functions and (4) is qualified to pass upon questions relating to the financial affairs of organizations similar to the Obligated Group or facilities of the type or types operated by the Obligated Group and having the skill and experience necessary to render the particular opinion or report required by the Master Indenture provision in which such requirement appears.

Industry Restrictions means federal, state or other applicable governmental laws or regulations, including conditions imposed specifically on the Obligated Group Members or the Obligated Group Members' facilities, or general industry standards or general industry conditions placing restrictions and limitations on the rates, fees and charges to be fixed, charged and collected by the Obligated Group Members.

Insurance Consultant means a Person or firm (which may be an insurance broker or agent of an Obligated Group Member) which (1) is in fact independent, (2) does not have any direct financial interest or any material indirect financial interest in any Obligated Group Member (other than the agreement pursuant to which such Person or firm is retained) and (3) is not connected with any Obligated Group Member as an officer, employee, promoter, underwriter, trustee, partner, director or Person performing similar functions, and designated by the Obligated Group Representative, qualified to survey risks and to recommend insurance coverage for hospitals, health-related facilities and services and organizations engaged in such operations.

Insurance Policy means the insurance policy issued by the Insurer guaranteeing the scheduled payment of principal of and interest on the Series 2021B Bonds when due.

Insured Financial Product Agreement means any Financial Product Agreement wherein the Financial Product Payments are insured under a swap insurance policy from an insurer who has also insured Indebtedness with respect to which such Financial Product Agreement was executed, with such

Indebtedness having an outstanding principal amount at least equal to the notional amount of the Financial Product Agreement on the date of execution of such Financial Product Agreement.

Insured Financial Product Payments means any payment obligation of the Members of the Obligated Group pursuant to an Insured Financial Product Agreement that is insured as to timely payment pursuant to the terms of the swap insurance policy insuring the Insured Financial Product Agreement.

Insurer means Assured Guaranty Municipal Corp., a New York stock insurance company, or any successor thereto or assignee thereof.

Lien means any mortgage or pledge of, or security interest in, or lien or encumbrance on, any Property, including Gross Revenues, of an Obligated Group Member (i) which secures any Indebtedness or any other obligation of such Obligated Group Member or (ii) which secures any obligation of any Person other than an Obligated Group Member, and excluding liens applicable to Property in which an Obligated Group Member has only a leasehold interest, unless the lien secures Indebtedness of that Obligated Group Member.

Long-Term Indebtedness means Indebtedness having an original maturity greater than one year or renewable at the option of an Obligated Group Member for a period greater than one year from the date of original incurrence or issuance thereof unless, by the terms of such Indebtedness, no Indebtedness is permitted to be outstanding thereunder for a period of at least twenty (20) consecutive days during each calendar year.

Master Indenture means that certain Master Indenture of Trust, dated as of May 1, 2007, among CHCC and certain of its affiliates, including FCH, and the Master Trustee, as originally executed and as it may from time to time heretofore or hereafter be supplemented, modified or amended in accordance with its terms, including as supplemented by Supplement No. 12 and Supplement No. 13 and, upon the Effective Date, as may be amended by the Amended and Restated Master Trust Indenture.

Master Trustee means The Bank of New York Mellon Trust Company, N.A., a national banking association organized and existing under the laws of the United States of America, or its successor, as trustee under the Master Indenture.

Maximum Annual Debt Service means the greatest amount of Annual Debt Service becoming due and payable in any Fiscal Year including the Fiscal Year in which the calculation is made or any subsequent Fiscal Year; provided, however, that for the purposes of computing Maximum Annual Debt Service:

(a) with respect to a Guaranty, (i) 100% of the Obligated Group Members' monetary liability under a Guaranty which has been drawn upon shall be included in the calculation of Annual Debt Service in the Fiscal Year in which such Guaranty has been drawn upon and 100% of the Obligated Group Members' monetary liability under a Guaranty which has been drawn upon shall continue to be included until such time as all amounts drawn upon the Guaranty have been repaid to the Obligated Group Members; and (ii) otherwise 10% of the Obligated Group Members' maximum possible monetary liability under a Guaranty shall be included in the calculation of Annual Debt Service of the Obligated Group Members in any Fiscal Year;

(b) if interest on Long-Term Indebtedness is payable pursuant to a variable interest rate formula (or if Financial Product Payments or Financial Product Receipts are determined pursuant to a variable rate formula), the interest rate on such Long-Term Indebtedness (or the variable rate formula for such Financial Product Payments or Financial Product Receipts) for periods when the actual interest rate

cannot yet be determined shall be assumed to be equal to (i) if such Long-Term Indebtedness is subject to a Financial Product Agreement that effectively converts the interest rate on such Long-Term Indebtedness to a fixed rate of interest, the fixed rate of interest specified in such Financial Product Agreement during the stated term of such Financial Product Agreement or (ii) otherwise, a fixed rate equal to the Thirty-Year Revenue Bond Index most recently published in *The Bond Buyer*;

(c) if moneys or Government Obligations have been deposited with a trustee or escrow agent in an amount, together with earnings thereon, sufficient to pay all or a portion of the principal of or interest on Long-Term Indebtedness as it comes due, such principal or interest, as the case may be, to the extent provided for, shall not be included in computations of Maximum Annual Debt Service;

(d) debt service on Long-Term Indebtedness incurred to finance capital improvements shall be included in the calculation of Maximum Annual Debt Service only in proportion to the amount of interest on such Long-Term Indebtedness which is payable in the then-current Fiscal Year from sources other than the funds held by a trustee or escrow agent for such purpose; and

(e) with respect to Balloon Indebtedness, at the option of the Obligated Group Representative, such Balloon Indebtedness shall be treated as Long-Term Indebtedness with substantially level debt service over a period of 25 years from the date of incurrence of such Balloon Indebtedness at an interest rate equal to a fixed rate equal to the Thirty-Year Revenue Bond Index most recently published in *The Bond Buyer*; provided, however, that the entire principal amount of such Balloon Indebtedness shall be included in the calculation of Maximum Annual Debt Service if such calculation is made within 12 months of the maturity of such Balloon Indebtedness.

Member means an Obligated Group Member.

Nonrecourse Indebtedness means any Indebtedness which is not a general obligation and which is secured by a Lien on Property, Plant and Equipment acquired or constructed with the proceeds of such Indebtedness, liability for which is effectively limited to the Property, Plant and Equipment subject to such Lien, with no recourse, directly or indirectly, to any other Property of any Obligated Group Member or to any Obligated Group Member.

Obligated Group means all Obligated Group Members.

Obligated Group Member means CHCC, FCH and each other Person which is obligated under the Master Indenture to the extent and in accordance with the provisions of the Master Indenture, from and after the date upon which such Person joins the Obligated Group, but excluding any Person which withdraws from the Obligated Group to the extent and in accordance with the provisions of the Master Indenture, from and after the date of such withdrawal.

Obligated Group Representative means CHCC or such other Obligated Group Member (or Obligated Group Members acting jointly) as may have been designated pursuant to a written notice to the Master Trustee executed by CHCC.

Obligation means any obligation of the Obligated Group issued under the Master Indenture, as a joint and several obligation of each Obligated Group Member, which may be in any form set forth in a Related Supplement, including, but not limited to, bonds, notes, obligations, debentures, reimbursement agreements, loan agreements, Financial Products Agreements or leases. References to a Series of Obligations or to Obligations of a Series means Obligations or Series of Obligations issued pursuant to a single Related Supplement.

Obligation Payments means payments (however designated) required under any Obligation then Outstanding which does not constitute Indebtedness.

Officer's Certificate means a certificate signed by an Authorized Representative of the Obligated Group Representative.

Opinion of Bond Counsel means a written opinion signed by an attorney or firm of attorneys experienced in the field of public finance whose opinions are generally accepted by purchasers of bonds issued by or on behalf of a Government Issuer.

Opinion of Counsel means a written opinion signed by a reputable and qualified attorney or firm of attorneys who may be counsel for the Obligated Group Representative.

Outstanding, when used with reference to Indebtedness or Obligations, means, as of any date of determination, all Indebtedness or Obligations theretofore issued or incurred and not paid and discharged other than (1) Obligations theretofore cancelled by the Master Trustee or delivered to the Master Trustee for cancellation, or otherwise deemed paid in accordance with the terms of the Master Indenture, including, without limitation, Obligations securing Related Bonds which have been defeased pursuant to their terms, (2) Obligations in lieu of which other Obligations have been authenticated and delivered or which have been paid pursuant to the provisions of a Related Supplement regarding mutilated, destroyed, lost or stolen Obligations unless proof satisfactory to the Master Trustee has been received that any such Obligation is held by a bona fide purchaser, (3) any Obligation held by any Obligated Group Member and (4) Indebtedness deemed paid and no longer outstanding pursuant to the terms thereof; provided, however, that if two or more obligations that constitute Indebtedness represent the same underlying obligation (as when an Obligation secures an issue of Related Bonds and another Obligation secures repayment obligations to a bank under a letter of credit that secures such Related Bonds) for purposes of the various financial covenants contained in the Master Indenture, but only for such purposes, only one of such Obligations shall be deemed Outstanding and the Obligation so deemed to be Outstanding shall be that Obligation that produces the greatest amount of Annual Debt Service to be included in the calculation of such covenants.

Permitted Liens means and includes:

(a) Any judgment lien or notice of pending action against any Obligated Group Member so long as the judgment or pending action is being contested and execution thereon is stayed or while the period for responsive pleading has not lapsed;

(b) (i) Rights reserved to or vested in any municipality or public authority by the terms of any right, power, franchise, grant, license, permit or provision of law, affecting any Property, to (A) terminate such right, power, franchise, grant, license or permit, provided that the exercise of such right would not materially impair the use of such Property or materially and adversely affect the value thereof, or (B) purchase, condemn, appropriate or recapture, or designate a purchase of, such Property; (ii) any liens on any Property for taxes, assessment, levies, fees, water and sewer charges, and other governmental and similar charges and any liens of mechanics, materialmen, laborers, suppliers or vendors for work or services performed or materials furnished in connection with such Property, which are not due and payable or which are not delinquent or which, or the amount or validity of which, are being contested and execution thereon is stayed or, with respect to liens of mechanics, materialmen and laborers, have been due and payable or which are not delinquent or which, or the amount or validity of which, are being contested and execution thereon is stayed or, with respect to liens of mechanics, materialmen and laborers, have been due for less than sixty (60) days or for which a bond has been furnished; (iii) easements, rights-of-way, servitudes, restrictions and other minor defects, encumbrances, and irregularities in the title to any Property that do not materially impair the use of such Property or materially and adversely affect the value thereof; and (iv)

rights reserved to or vested in any municipality or public authority to control or regulate any Property or to use such Property in any manner, which rights do not materially impair the use of such Property in any manner, or materially and adversely affect the value thereof;

(c) Any Lien described in Appendix A of the Master Indenture that is existing on the date of execution of the Master Indenture or upon addition of an Obligated Group Member, provided that no such Lien (or the amount of Indebtedness or other obligations secured thereby) may be increased, extended, renewed or modified to apply to any Property of any Obligated Group Member not subject to such Lien on such date, unless such Lien as so extended, renewed or modified otherwise qualifies as a Permitted Lien;

(d) Any Lien in favor of the Master Trustee securing all Outstanding Obligations equally and ratably;

(e) Liens arising by reason of good faith deposits with any Obligated Group Member in connection with leases of real estate, bids or contracts (other than contracts for the payment of money), deposits by any Obligated Group Member to secure public or statutory obligations, or to secure, or in lieu of, surety, stay or appeal bonds, and deposits as security for the payment of taxes or assessments or other similar charges;

(f) Any Lien arising by reason of deposits with, or the giving of any form of security to, any governmental agency or any body created or approved by law or governmental regulation as a condition to the transaction of any business or the exercise of any privilege or license, or to enable any Obligated Group Member to maintain self-insurance or to participate in any funds established to cover any insurance risks or in connection with workers' compensation, unemployment insurance, pension or profit sharing plans or other similar social security plans, or to share in the privileges or benefits required for companies participating in such arrangements;

(g) Any Lien arising by reason of any escrow or reserve fund established to pay debt service with respect to Indebtedness;

(h) Any Lien in favor of a trustee on the proceeds of Indebtedness prior to the application of such proceeds;

(i) Liens on moneys deposited by patients or others with any Obligated Group Member as security for or as prepayment for the cost of patient care;

(j) Liens on Property received by any Obligated Group Member through gifts, grants or bequests, such Liens being due to restrictions on such gifts, grants or bequests of Property or the income thereon, up to the Fair Market Value of such Property;

(k) rights of the United States of America, including, without limitation, the Federal Emergency Management Agency ("FEMA") or the State of California, including without limitation the Governor's Office of Emergency Services, by reason of FEMA and other federal and State of California funds made available to any Member of the Obligated Group under federal or State of California;

(l) Liens on Property securing Indebtedness incurred to refinance Indebtedness previously secured by a Lien on such Property provided that the aggregate principal amount of such new Indebtedness does not exceed the aggregate principal amount of such refinanced Indebtedness;

(m) Liens granted by an Obligated Group Member to another Obligated Group Member;

(n) Liens securing Nonrecourse Indebtedness incurred pursuant to the provisions of the Master Indenture;

(o) Liens consisting of purchase money security interests and lessors' interest in capitalized leases;

(p) Liens on the Obligated Group Members' accounts receivable securing Indebtedness in an amount not to exceed 20% of the Obligated Group Members' net accounts receivable;

(q) Liens on Gross Revenues constituting rentals in connection with any other Lien permitted under the provisions of the Master Indenture on the Property from which such rentals are derived;

(r) the lease or license of the use of a part of an Obligated Group Member's facilities for use in performing professional or other services necessary for the proper and economical operation of such facilities in accordance with customary business practices in the industry;

(s) Liens junior to Liens in favor of the Master Trustee; and

(t) Any other Lien on Property, including, without limitation, Liens on cash and securities deposited by an Obligated Group Member pursuant to a security annex or similar document to collateralize obligations of such Member under a Financial Products Agreement, provided that at the time of creation of such Lien the Value of all Property encumbered by all Liens permitted as described in this clause (u) does not exceed twenty percent (20%) of net Property, Plant and Equipment of the Obligated Group Members as shown on the audited financial statements of the Obligated Group for the most recent Fiscal Year available at the time of creation of such Lien.

Person means an individual, corporation, firm, association, partnership, trust, or other legal entity or group of entities, including a governmental entity or any agency or political subdivision thereof.

Property means any and all rights, titles and interests in and to any and all property of any Obligated Group Member, whether real or personal, tangible or intangible and wherever situated.

Property, Plant and Equipment means all Property of any Obligated Group Member which is considered property, plant and equipment of such Obligated Group Member under generally accepted accounting principles.

Qualified Provider means any financial institution or insurance company which is a party to a Financial Products Agreement if (i) the unsecured long-term debt obligations of such financial institution or insurance company (or of the parent or a subsidiary or a replacement counterparty or replacement counterparty guarantor of such financial institution or insurance company if such parent or subsidiary or replacement counterparty or replacement counterparty guarantor guarantees or otherwise assures the performance of such financial institution or insurance company under such Financial Products Agreement), or (ii) obligations secured or supported by a letter of credit, contract, guarantee, agreement, insurance policy or surety bond issued by such financial institution or insurance company (or such guarantor or assuring parent or subsidiary or replacement counterparty or replacement counterparty guarantor) are rated in one of the three highest rating categories of a national rating agency (without regard to any gradation or such rating category) at the time of the execution and delivery of the Financial Products Agreement.

Rating Agency means Moody's Investors Service, Inc., S&P, and any other national rating agency then rating Obligations, Related Bonds or the Bonds at the request of CHCC.

Rating Category means a generic securities rating category, without regard to any refinement or gradation of such rating category by a numerical modifier or otherwise.

Related Bonds means the revenue bonds or other obligations (including, without limitation, certificates of participation) issued by any Government Issuer, the proceeds of which are loaned or otherwise made available to an Obligated Group Member in consideration of the execution, authentication and delivery of an Obligation or Obligations to or for the order of such Government Issuer.

Related Bond Indenture means any indenture, bond resolution, trust agreement or other comparable instrument pursuant to which a series of Related Bonds are issued.

Related Bond Issuer means the Government Issuer of any issue of Related Bonds.

Related Bond Trustee means the trustee and its successors in the trusts created under any Related Bond Indenture, and if there is no such trustee, means the Related Bond Issuer.

Related Supplement means an indenture supplemental to, and authorized and executed pursuant to the terms of, the Master Indenture.

Required Payment means any payment, whether at maturity, by acceleration, upon proceeding for redemption or otherwise, including without limitation, Insured Financial Product Payments, Uninsured Financial Product Payments, and the purchase price of Related Bonds tendered or deemed tendered for purchase pursuant to the terms of a Related Bond Indenture, required to be made by any Obligated Group Member under the Master Indenture, any Related Supplement or any Obligation.

Series 2021A Bonds means the California Municipal Finance Authority Revenue Bonds (Community Health System), Series 2021A authorized by, and at any time Outstanding pursuant to, the Series 2021A Indenture.

Series 2021A Indenture means the Series 2021A Indenture, as originally executed or as it may from time to time be supplemented, modified or amended by any Supplemental Indenture.

Series 2021A Loan Agreement means that certain Loan Agreement relating to the Series 2021A Bonds, dated as of December 1, 2021, among the California Municipal Finance Authority and CHCC and FCH, as originally executed and as it may from time to time be supplemented, modified or amended in accordance with the terms thereof and of the Series 2021A Indenture.

Series 2021B Bonds means the California Municipal Finance Authority Revenue Bonds (Community Health System), Series 2021B (Federally Taxable) authorized by, and at any time Outstanding pursuant to, the Series 2021B Indenture.

Series 2021B Indenture means the Series 2021B Indenture, as originally executed or as it may from time to time be supplemented, modified or amended by any Supplemental Indenture.

Series 2021B Loan Agreement means that certain Loan Agreement relating to the Series 2021B Bonds, dated as of December 1, 2021, among the California Municipal Finance Authority and CHCC and FCH, as originally executed and as it may from time to time be supplemented, modified or amended in accordance with the terms thereof and of the Series 2021B Indenture.

Senior Financial Product Payment means any payment obligation of the Members of the Obligated Group due pursuant to a Financial Product Agreement other than a Subordinate Financial Product Payment.

Short-Term Indebtedness means all Indebtedness having an original maturity less than or equal to one year and not renewable at the option of an Obligated Group Member for a term greater than one year from the date of original incurrence or issuance unless, by the terms of such Indebtedness, no Indebtedness is permitted to be outstanding thereunder for a period of at least twenty (20) consecutive days during each calendar year.

Subordinate Financial Product Payment means (1) with respect to an Uninsured Financial Product Agreement, any Financial Product Extraordinary Payment and (2) with respect to an Insured Financial Product Agreement, any Uninsured Financial Product Payment.

Subordinated Indebtedness means Indebtedness specifically subordinated as to payment and security to the payment of all Required Payments and other obligations of the Obligated Group Members under the Master Indenture.

Supplemental Indenture means any indenture duly authorized and entered into between the Authority and the Trustee, supplementing, modifying or amending the Series 2021A Indenture or the Series 2021B Indenture; but only if an to the extent that such Supplemental Indenture is specifically authorized thereunder.

Supplement No. 12 means that certain Supplemental Master Indenture of Trust for Obligation No. 12, dated as of December 1, 2021, between CHCC, acting as Obligated Group Representative, and the Master Trustee, as originally executed and as amended or supplemented from time to time in accordance with the terms of the Master Indenture.

Supplement No. 13 means that certain Supplemental Master Indenture of Trust for Obligation No. 13, dated as of December 1, 2021, between CHCC, acting as Obligated Group Representative, and the Master Trustee, as originally executed and as amended or supplemented from time to time in accordance with the terms of the Master Indenture.

Surviving Entity means the successor or surviving entity after giving effect to a Merger Transaction under the Master Indenture.

Term Bonds means Bonds payable at or before their specified maturity date or dates from Sinking Fund Installments established for that purpose and calculated to retire such Bonds on or before their specified maturity date or dates.

Total Revenues means, for the period of calculation in question, the sum of operating revenue (including net patient service revenue, capitation or premium revenue and other revenue) and nonoperating gains (losses), as shown on the audited financial statements of the Obligated Group for the most recent Fiscal Year determined in accordance with generally accepted accounting principles.

Transaction Test means with respect to any specified transaction, that: (i) no Event of Default or Default then exists; (ii) following such transaction, the Obligated Group could satisfy the conditions for the issuance of $1.00 of additional Long-Term Indebtedness set forth in the provisions of the Master Indenture, assuming that such transaction occurred at the start of the most recent Fiscal Year; and (iii) following such transaction, the combined net assets of the Obligated Group after giving effect to such transaction will be

at least equal to 90% of the combined net assets of the Obligated Group immediately prior to such transaction.

Uninsured Financial Product Agreement means a Financial Product Agreement other than an Insured Financial Product Agreement.

Uninsured Financial Product Payment means any payment obligation of the Members of the Obligated Group due pursuant to a Financial Product Agreement other than Insured Financial Product Payments.

Value, when used with respect to Property, means the aggregate value of all such Property, with each component of such Property valued, at the option of the Obligated Group Representative, at either its Fair Market Value or its Book Value.

MASTER INDENTURE OF TRUST

General

The Master Indenture authorizes the issuance of Obligations by the Obligated Group. An Obligation is stated in the Master Indenture to be a joint and several obligation of each Obligated Group Member.

Authorization and Issuance of Obligations

Each Obligated Group Member authorizes to be issued from time to time Obligations or Series of Obligations, without limitation as to amount, except as provided in the Master Indenture or as may be limited by law, and subject to the terms, conditions and limitations established in the Master Indenture and in any Related Supplement.

Particular Covenants of the Members

Payment of Required Payments. The Obligated Group Members jointly and severally agree to pay or cause to be paid promptly all Required Payments at the place, on the dates and in the manner provided in the Master Indenture, or in any Related Supplement or Obligation.

Maintenance of Properties, Payment of Indebtedness, Etc. Each Obligated Group Member covenants to: (a) maintain its Property, Plant and Equipment in accordance with all valid and applicable governmental laws, ordinances, approvals and regulations including, without limitation, such zoning, sanitary, pollution and safety ordinances and laws and such rules and regulations thereunder as may be binding upon it; provided, however, that no Obligated Group Member shall be required to comply with any law, ordinance, approval or regulation as long as it shall in good faith contest the validity thereof; (b) maintain and operate its Property, Plant and Equipment in reasonably good working condition, and from time to time make or cause to be made all needful and proper replacements, repairs and improvements so that the operations of such Obligated Group Member will not be materially impaired; (c) pay and discharge all applicable taxes, assessments, governmental charges of any kind whatsoever, water rates, meter charges and other utility charges which may be or have been assessed or which may have become Liens upon the Property, Plant and Equipment, and will make such payments or cause such payments to be made in due time to prevent any delinquency thereon or any forfeiture or sale of any part of the Property, Plant and Equipment, and, upon request, will furnish to the Master Trustee receipts for all such payments, or other evidences satisfactory to the Master Trustee; provided, however, that no Obligated Group Member shall be required to pay any tax, assessment, rate or charge as long as it shall in good faith contest the validity thereof

as set out in the definition of Permitted Liens; (d) pay or otherwise satisfy and discharge all of its obligations and Indebtedness and all demands and claims against it as and when the same become due and payable, other than obligations, Indebtedness, demands or claims (exclusive of the Obligations issued and Outstanding hereunder) the validity, amount or collectability of which is being contested in good faith; (e) at all times comply with all terms, covenants and provisions of any Liens at such time existing upon its Property or any part thereof or securing any of its Indebtedness noncompliance with which would have a material adverse effect on the operations of the Obligated Group or its Property; and (f) use its best efforts to maintain (as long as it is in its best interests and will not materially adversely affect the interests of the Holders) all permits, licenses and other governmental approvals necessary for the operation of its Property.

Nothing in the provisions of the Master Indenture described under this caption shall be construed to require an Obligated Group Member to maintain any permit, license or other governmental approval, or to continue to operate or maintain any Property, Plant or Equipment, if, in the reasonable good faith judgment of the Obligated Group Member, such permit, license, governmental approval or Property, Plant or Equipment is, or within the next succeeding 12 calendar months is reasonably expected to become, inadequate, obsolete, unsuitable, undesirable or unnecessary for the business of the Obligated Group and failure to maintain or operate such permit, license, governmental approval or Property, Plant or Equipment will not materially adversely impair the operation of the Obligated Group.

Against Encumbrances. Each Obligated Group Member agrees that it will not create, assume or suffer to exist any Lien upon the Property of the Obligated Group, except for Permitted Liens. Each Obligated Group Member further agrees that if such a Lien (other than a Permitted Lien) is created or assumed by any Member, it will make or cause to be made effective a provision whereby all Obligations will be secured prior to any such Indebtedness or other obligation secured by such Lien.

Debt Coverage. (a) Within 5 months after the end of each Fiscal Year (commencing with the first full Fiscal Year following the execution of the Master Indenture), the Obligated Group Representative shall compute the Annual Debt Service Coverage Ratio for the Obligated Group for such Fiscal Year and furnish to the Master Trustee, an Officer's Certificate setting forth the results of such computation. The Obligated Group Representative covenants that if at the end of such Fiscal Year the Annual Debt Service Coverage Ratio shall have been less than 1.1:1.0, it will promptly employ an Independent Consultant to make recommendations as to a revision of the rates, fees and charges of the Obligated Group or the methods of operation of the Obligated Group to increase the Annual Debt Service Coverage Ratio to at least 1.1:1.0 for subsequent Fiscal Years (or, if in the opinion of the Independent Consultant, the attainment of such level is impracticable, to the highest practicable level). Copies of the recommendations of the Independent Consultant shall be filed with the Master Trustee within ninety (90) days of the retention of the Independent Consultant. Each Obligated Group Member shall, promptly upon its receipt of such recommendations, subject to applicable requirements or restrictions imposed by law and to a good faith determination by the Governing Body of the Obligated Group Representative that such recommendations are in the best interest of the Obligated Group, revise its rates, fees and charges or its methods of operation or collections and shall take such other action as shall be in conformity with such recommendations.

If either (i) the Obligated Group complies in all material respects with the reasonable recommendations of the Independent Consultant with respect to their rates, fees, charges and methods of operation or collection or (ii) the Obligated Group Representative determines that such recommendations are not in the best interests of the Obligated Group (and accordingly will not be followed), the Obligated Group will be deemed to have complied with the covenants of the Master Indenture described under this caption for such Fiscal Year, notwithstanding that the Annual Debt Service Coverage Ratio shall be less than 1.1:1.0; provided, however, that the Annual Debt Service Coverage Ratio shall not be reduced to less than 1.0:1.0 for any Fiscal Year. The Obligated Group Members shall not be excused from taking any

action or performing any duty required under the Master Indenture and no other Event of Default shall be waived by the operation of the provisions of the Master Indenture described under this caption.

(b) If a written report of an Independent Consultant is delivered to the Master Trustee stating that Industry Restrictions have made it impossible for the Annual Debt Service Coverage Ratio of 1.1:1.0 to be met, then such ratio shall be reduced to the maximum ratio which the Industry Restrictions would allow the Obligated Group Members to achieve, but in no event less than a ratio of 1.0:1.0.

(c) Notwithstanding the foregoing, an Obligated Group Member may permit the rendering of services or the use of its Property without charge or at reduced charges, at the discretion of the Governing Body of such Obligated Group Member, to the extent necessary for maintaining its tax-exempt status or the tax-exempt status of its Property, Plant and Equipment or its eligibility for grants, loans, subsidies or payments from governmental entities, or in compliance with any recommendation for free services that may be made by an Independent Consultant; provided, however, that the Annual Debt Service Coverage Ratio shall not be reduced to less than a ratio of 1.0:1.0.

Merger, Consolidation, Sale or Conveyance. Each Obligated Group Member agrees that it will not merge or consolidate with any other Person that is not an Obligated Group Member or sell or convey all or substantially all of its assets to any Person that is not an Obligated Group Member (a "Merger Transaction") unless:

(a) After giving effect to the Merger Transaction, (i) the successor or surviving entity (hereinafter, the "Surviving Entity") is an Obligated Group Member or (ii) the Surviving Entity shall (x) be a corporation or other entity organized and existing under the laws of the United States of America or any state thereof and (y) become an Obligated Group Member pursuant to the provisions of the Master Indenture and, pursuant to the Related Supplement required by the provisions of the Master Indenture, shall expressly assume in writing the due and punctual payment of all Required Payments of the disappearing Obligated Group Member under the Master Indenture;

(b) The Master Trustee receives an Officer's Certificate to the effect that the Transaction Test is satisfied in connection with the Merger Transaction;

(c) So long as any Related Bonds that are tax-exempt obligations are Outstanding, the Master Trustee receives an Opinion of Bond Counsel to the effect that, under then existing law, the consummation of the Merger Transaction, in and of itself, would not result in the inclusion of interest on such Related Bonds in gross income for purposes of federal income taxation;

(d) The Master Trustee receives an Opinion of Counsel to the effect that: (i) all conditions in the provisions of the Master Indenture described under this caption relating to the Merger Transaction have been complied with and the Master Trustee is authorized to join in the execution of any instrument required to be executed and delivered; (ii) the Surviving Entity meets the conditions set forth in the provisions of the Master Indenture described under this caption and is liable on all Obligations then Outstanding; (iii) the Merger Transaction will not adversely affect the validity of any Obligations then Outstanding; and (iv) the Merger Transaction will not cause the Master Indenture or any Obligations to be subject to registration under federal or state securities laws or the Trust Indenture Act of 1939, as amended (or, that any such registration, if required, has occurred); and

(e) The Surviving Entity shall be substituted for its predecessor in interest in all Obligations and agreements then in effect which affect or relate to any Obligation, and the Surviving Entity shall execute and deliver to the Master Trustee appropriate documents in order to effect the substitution.

From and after the effective date of such substitution (as set forth in the above-mentioned documents), the Surviving Entity shall be treated as though it were an Obligated Group Member as of the date of the execution of the Master Indenture and shall thereafter have the right to participate in transactions hereunder relating to Obligations to the same extent as the other Obligated Group Members. All Obligations issued hereunder on behalf of a Surviving Entity shall have the same legal rank and benefit under the Master Indenture as Obligations issued on behalf of any other Obligated Group Member.

Membership in Obligated Group. Additional Obligated Group Members may be added to the Obligated Group from time to time, provided that prior to such addition the Master Trustee receives:

(a) a copy of a resolution of the Governing Body of the proposed new Obligated Group Member which authorizes the execution and delivery of a Related Supplement and compliance with the terms of the Master Indenture;

(b) a Related Supplement executed by the Obligated Group Representative, the new Obligated Group Member and the Master Trustee pursuant to which the proposed new Obligated Group Member (i) agrees to become an Obligated Group Member, (ii) agrees to be bound by the terms of the Master Indenture, the Related Supplements and the Obligations, and (iii) irrevocably appoints the Obligated Group Representative as its agent and attorney-in-fact and grants to the Obligated Group Representative the requisite power and authority to execute Related Supplements authorizing the issuance of Obligations or Series of Obligations and to execute and deliver Obligations;

(c) an Opinion of Counsel to the effect that: (i) the proposed new Obligated Group Member has taken all necessary action to become an Obligated Group Member, and upon execution of the Related Supplement, such proposed new Obligated Group Member will be bound by the terms of the Master Indenture; (ii) the addition of such Obligated Group Member would not adversely affect the validity of any Obligation then Outstanding; and (iii) the addition of such Obligated Group Member will not cause the Master Indenture or any Obligations to be subject to registration under federal or state securities laws or the Trust Indenture Act of 1939, as amended (or, that any such registration, if required, has occurred);

(d) an Officer's Certificate to the effect that immediately after the addition of the proposed new Obligated Group Member, the Transaction Test would be satisfied; and

(e) so long as any Related Bonds that are tax-exempt obligations are Outstanding, an Opinion of Bond Counsel to the effect that the addition of the proposed new Obligated Group Member will not, in and of itself, result in the inclusion of interest on any Related Bonds in gross income for purposes of federal income taxation.

Withdrawal from Obligated Group. Any Obligated Group Member may withdraw from the Obligated Group and be released from further liability or obligation under the provisions of the Master Indenture, provided that prior to such withdrawal the Master Trustee receives:

(a) an Officer's Certificate to the effect that the Obligated Group Representative has approved the withdrawal of such Obligated Group Member;

(b) an Officer's Certificate to the effect that immediately following the withdrawal of such Obligated Group Member, the Transaction Test would be satisfied; and

(c) an Opinion of Counsel to the effect that: (i) the withdrawal of such Obligated Group Member would not adversely affect the validity of any Obligation then Outstanding; and (ii) the withdrawal of such Obligated Group Member will not cause the Master Indenture or any Obligations to be subject to

registration under federal or state securities laws or the Trust Indenture Act of 1939, as amended (or, that any such registration, if required, has occurred).

Upon compliance with the conditions contained in the provisions of the Master Indenture described under this caption, the Master Trustee shall execute any documents reasonably requested by the withdrawing Member to evidence the termination of such Member's obligations hereunder, under all Related Supplements and under all Obligations.

Notwithstanding the foregoing, FCH may not withdraw from the Obligated Group unless prior to or concurrently with such withdrawal, FCH shall transfer all or substantially all of its assets to another Member of the Obligated Group.

Limitation on Disposition of Assets.

(a) Each Obligated Group Member covenants that it will not sell, lease or otherwise dispose of any part of its Property in any Fiscal Year (other than (i) in the ordinary course of business or (ii) as part of a disposition of all or substantially all of its assets as permitted pursuant to the Master Indenture), unless prior to said disposition:

(1) there shall have been delivered to the Master Trustee an Officer's Certificate to the effect that such Property is or shall become within the next two (2) Fiscal Years inadequate, obsolete, unsuitable, undesirable or unnecessary for the operation and functioning of the primary business of the Obligated Group Members; or

(2) there shall have been delivered to the Master Trustee an Officer's Certificate to the effect that the Value of the Property so disposed of by the Obligated Group Members in any Fiscal Year pursuant to the provisions of the Master Indenture described in this clause (2) does not exceed 5% of the total Value of the Property of the Obligated Group; or

(3) if the Book Value of the Property being disposed of is less than or equal to $1,000,000, there shall have been delivered to the Master Trustee an Officer's Certificate to the effect that the Authorized Representative of the Obligated Group Representative delivering such Officer's Certificate has made a good faith determination that the Property being disposed of is being disposed for Fair Market Value; or

(4) there shall have been delivered to the Master Trustee an Officer's Certificate to the effect that the Transaction Test is satisfied.

(b) Notwithstanding the foregoing, nothing shall prohibit any disposition of assets among Obligated Group Members.

(c) Notwithstanding the foregoing, nothing shall prohibit the Obligated Group Members from: (i) making loans, provided that such loans are in writing and the Master Trustee receives an Officer's Certificate to the effect that (x) the Obligated Group Members reasonably expect such loans to be repaid; and (y) such loans bear interest at a reasonable rate of interest and on commercially reasonable terms; or (ii) transferring restricted gifts for the Obligated Group Members to an Affiliated Corporation which has the purpose to receive and disburse said restricted gifts.

Limitation on Indebtedness. Each Obligated Group Member covenants that it will not incur any Indebtedness, except that the Obligated Group Members may incur Indebtedness by complying with any of the following provisions:

(a) Long-Term Indebtedness, if prior to the date of incurrence of the Long-Term Indebtedness there is delivered to the Master Trustee an Officer's Certificate to the effect that:

(1) the aggregate principal amount of all Long-Term Indebtedness incurred and Outstanding pursuant to this clause (a)(1) does not exceed 5% of Total Revenues; or,

(2) the Debt Service Coverage Ratio for the most recent Fiscal Year for which audited financial statements are available with respect to all Long-Term Indebtedness then Outstanding at the time of such certification and the additional Long-Term Indebtedness to be incurred, but excluding any Long-Term Indebtedness to be refunded with the proceeds of said additional Long-Term Indebtedness to be incurred, was not less than 1.2:1.0; or

(3) (i) the Debt Service Coverage Ratio for the most recent Fiscal Year for which audited financial statements are available was not less than 1.2:1.0 and (ii) the Debt Service Coverage Ratio for each of the two Fiscal Years beginning with the Fiscal Year commencing after the estimated completion of the construction, acquisition or equipping of Property to be financed by such Indebtedness (or, if the proceeds of such Indebtedness are not to be used for the construction, acquisition or equipping of Property, each of the two Fiscal Years beginning with the Fiscal Year commencing after the incurrence of such Indebtedness) with respect to all Long-Term Indebtedness projected to be Outstanding (including the additional Long-Term Indebtedness to be incurred, but excluding any Long-Term Indebtedness to be refunded with the proceeds of said additional Long-Term Indebtedness to be incurred), is not less than 1.25:1.0. Notwithstanding the foregoing, if the Master Trustee receives a report of an Independent Consultant to the effect that Industry Restrictions prevent the Obligated Group Members from generating the required levels of Net Income Available for Debt Service sufficient to result in a Debt Service Coverage Ratio of not less than 1.25:1.0, the 1.25:1.0 ratio requirement described in this provision shall be reduced to the maximum ratio which the Industry Restrictions would allow the Obligated Group Members to achieve, which ratio shall in no event be less than a ratio of 1.0:1.0.

(b) Completion Indebtedness; provided that the aggregate principal amount of such Completion Indebtedness does not exceed 10% of the original Indebtedness incurred with respect to the project relating to such Completion Indebtedness and the Master Trustee receives an Officer's Certificate stating: (i) the estimated cost of completing the project related to the Completion Indebtedness to be incurred; (ii) that such Completion Indebtedness and other funds then available or reasonably anticipated to be available will be sufficient to complete said project; and (iii) the reasons why the original Indebtedness incurred with respect to said project is not sufficient to complete said project, all as confirmed by an architect selected by the Obligated Group Representative.

(c) Short-Term Indebtedness provided that either the provisions described in clause (a) above are satisfied calculated as if such Short-Term Indebtedness was Long-Term Indebtedness or:

(1) the total amount of such Short-Term Indebtedness shall not exceed 15% of Total Revenues; and

(2) the total amount of such Short-Term Indebtedness and Indebtedness incurred pursuant to the provision described in clause (g) below then outstanding shall not exceed 25% of Total Revenues; and

(3) In every Fiscal Year, there shall be at least a consecutive twenty (20) day period when the balances of such Short-Term Indebtedness is reduced to an amount which shall not exceed 3% of Total Revenues.

(d) Nonrecourse Indebtedness without limitation.

(e) Long-Term Indebtedness, if such Long-Term Indebtedness is issued or incurred to refund Long-Term Indebtedness and if prior to issuance or incurrence thereof there is delivered to the Master Trustee a resolution of the Governing Body of the Obligated Group Representative determining that such refunding is in the best interests of the Obligated Group, which resolution shall also state the reasons for such determination.

(f) Subordinated Indebtedness, without limitation.

(g) Any other Indebtedness, provided that the aggregate principal amount of such Indebtedness, together with the aggregate principal amount of Indebtedness incurred pursuant to the provisions of clause (a)(1), (c), (d) and (f) above, does not, as of the date of incurrence, exceed 25% of Total Revenues.

Preparation and Filing of Financial Statements, Reports and Other Information.

(a) Each Obligated Group Member covenants that it will keep adequate records and books of accounts in which complete and correct entries shall be made (said books shall be subject to the inspection by the Master Trustee during regular business hours after reasonable notice).

(b) The Obligated Group Representative covenants that it will furnish to the Master Trustee and any Related Bond Issuer that shall request the same in writing:

(1) As soon as practicable, but in no event more than 5 months after the last day of each Fiscal Year, beginning with the Fiscal Year ending August 31, 2007, one or more financial statements which, in the aggregate, shall include the Obligated Group Members. Such financial statements:

(A) may consist of (i) consolidated or combined financial results including one or more Members of the Obligated Group and one or more other Persons required to be consolidated or combined with such Member(s) of the Obligated Group under generally accepted accounting principles or (ii) special purpose financial statements including only Members of the Obligated Group;

(B) shall be audited by an Accountant selected by the Obligated Group Representative and shall be prepared in accordance with generally accepted accounting principles (except, in the case of special purpose financial statements, for required consolidations);

(C) shall include a combined balance sheet, statement of operations and changes in net assets; and

(D) if financial statements delivered to the Master Trustee, pursuant to the provisions of the Master Indenture described herein, include financial information with respect to any Person who is not an Obligated Group Member or do not include financial information with respect to all Obligated Group Members, then the financial statements shall contain a consolidated or combined schedule for all Obligated Group Members that reflects combining entries that eliminate material inter-company balances and transactions.

(2) At the time of the delivery of the Obligated Group financial statements, a certificate of the chief financial officer of the Obligated Group Representative stating that: (i) the Obligated Group financial statements were prepared in accordance with generally accepted accounting principles; and (ii), subject to clause (4) below, the Obligated Group financial statements reflect the results of the operations of only Obligated Group Members.

(3) At the time of the delivery of the Obligated Group financial statements, a certificate of the chief financial officer of the Obligated Group Representative, stating that the Obligated Group Representative has made a review of the activities of the Obligated Group Members during the preceding Fiscal Year for the purpose of determining whether or not the Obligated Group Members have complied with all of the terms, provisions and conditions of the Master Indenture and that each Obligated Group Member has kept, observed, performed and fulfilled each and every covenant, provision and condition of the Master Indenture on its part to be performed and none of such Obligated Group Members is in default in the performance or observance of any of the terms, covenants, provisions or conditions, or if any Obligated Group Member shall be in default such certificate shall specify all such defaults and the nature thereof.

(4) Notwithstanding the foregoing, the results of operation and financial position of Immaterial Affiliates need not be excluded from financial statements delivered to the Master Trustee pursuant to the provisions of the Master Indenture described herein, and such results of operation and financial position may be considered as if they were a portion of the results of operation and financial position of the Obligated Group Members for all purposes of the Master Indenture notwithstanding the inclusion of the results of operation and financial position of such Immaterial Affiliates.

(c) Whenever financial information is required under the Master Indenture for the computation of ratios, debt service coverage, additional indebtedness or otherwise, the Obligated Group Representative shall provide that information as of the last Fiscal Year for which combined audited financial statements of the Obligated Group is available.

Insurance. Each Obligated Group Member agrees that it will keep the Property, Plant and Equipment and all of its operations adequately insured at all times and carry and maintain such insurance in amounts which are customarily carried, subject to customary deductibles and alternative risk management programs and self-insurance, and against such risks as are customarily insured against by other health care institutions in connection with the ownership and operation of health facilities of similar character and size in the State of California.

The Obligated Group Representative shall employ an Insurance Consultant at least once every 2 years to review the insurance requirements (including alternative risk management programs and self-insurance) of the Members. If the Insurance Consultant makes recommendations for a change in the insurance coverage, the Obligated Group Members shall change such coverage in accordance with such recommendations, subject to a good faith determination of the Governing Body of the Obligated Group Representative that such recommendations, in whole or in part, are not in the best interests of the Obligated Group Members or that such coverage is not obtainable at commercially reasonable costs. In lieu of maintaining insurance coverage which the Governing Body of the Obligated Group Representative deems necessary, the Obligated Group Members shall have the right to adopt alternative risk management programs which the governing body of the Obligated Group Representative determines to be reasonable and which shall not have a material adverse impact on reimbursement from third-party payers, including, without limitation, to self-insure in whole or in part individually or in connection with other institutions, to participate in programs of captive insurance companies, to participate with other health care institutions in mutual or other cooperative insurance or other risk management programs, to participate in state or federal

insurance programs, to take advantage of state or federal laws now or hereafter in existence limiting medical and malpractice liability, or to establish or participate in other alternative risk management programs; all as shall be approved, in writing, as reasonable and appropriate risk management by the Insurance Consultant.

The Obligated Group Members shall have the right, without giving rise to an Event of Default under the Master Indenture solely on such account, (1) to maintain insurance coverage below that required pursuant to the provisions of the Master Indenture described in the first paragraph under this caption if the Obligated Group Representative furnishes to the Master Trustee a certificate of the Insurance Consultant that the insurance so provided accords the greatest amount of coverage available for the risk being insured against at rates which in the judgment of the Insurance Consultant are reasonable in connection with reasonable and appropriate risk management, or (2) to adopt alternative risk management and self-insurance programs in accordance with the provisions of the Master Indenture described above.

Gross Revenue Fund. (a) Each Obligated Group Member covenants and agrees that, so long as any of the Obligations remain Outstanding, all of the Gross Revenues of the Obligated Group shall be deposited as soon as practicable upon receipt in a fund designated as the "Gross Revenue Fund" which the Obligated Group Members shall establish and maintain, subject to the provisions of subsection (b) below, in one or more accounts at such banking institution or institutions as the Members of the Obligated Group shall from time to time designate in writing to the Master Trustee for such purpose (the "Depository Bank(s)"). To secure the payment of Required Payments and the performance by the Obligated Group Members of their other obligations under 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 of its right, title, and interest, whether now owned or hereafter acquired, in and to the Gross Revenues of that Obligated Group Member and the Gross Revenue Fund and the proceeds thereof (collectively, the "Collateral"). Each Obligated Group Member shall execute a deposit account control agreement with respect to the Gross Revenue Fund in form and substance satisfactory to the Master Trustee, shall execute and cause to be filed Uniform Commercial Code financing statements, and shall execute and deliver such other documents (including, but not limited to, continuation statements and amendments to such Uniform Commercial Code financing statements) as may be necessary or reasonably requested by the Master Trustee in order to perfect or maintain the perfection of such security interest. Each Obligated Group Member irrevocably authorizes the Master Trustee to execute and file any financing statements and amendments thereto as may be required to perfect or to continue the perfection of the security interest in the Collateral, including, without limitation, financing statements that describe the collateral as being of an equal, greater or lesser scope, or with greater or lesser detail, than as set forth in the definition of Collateral. Each Obligated Group Member also ratifies its authorization for the Master Trustee to have filed in any jurisdiction any like financing statements or amendments thereto if filed prior to the date of execution and delivery of the Master Indenture. Each Obligated Group Member covenants that it will not change its name or its type or jurisdiction of organization unless (i) it gives thirty (30) days' notice of such change to the Master Trustee and (ii) before such change occurs it takes all actions as are necessary or advisable to maintain and continue the first priority perfected security interest of the Master Trustee in the Collateral.

(b) Amounts in the Gross Revenue Fund may be used and withdrawn by any Obligated Group Member at any time for any lawful purpose, except as otherwise provided pursuant to the provisions of the Master Indenture described under this caption. In the event that any Obligated Group Member is delinquent for more than one (1) Business Day in the payment of any Required Payment, the Master Trustee, upon notice from the Obligated Group Representative or actual knowledge of such delinquency, shall notify the Obligated Group Representative and the Depository Bank(s) of such delinquency, and, unless such Required Payment is paid, or provision for payment is duly made, in a manner satisfactory to the Master Trustee, within five (5) days after receipt of such notice, the Obligated Group Representative or the appropriate Obligated Group Member shall cause the Depository Bank(s) to transfer the Gross Revenue

Fund to the name and credit of the Master Trustee. The Gross Revenue Fund shall continue to be held in the name and to the credit of the Master Trustee until 6 months after the amounts on deposit in said fund are sufficient to pay in full, or have been used to pay in full, all Required Payments in default and all other Events of Default known to the Master Trustee shall have been made good or cured to the satisfaction of the Master Trustee or provision deemed by the Master Trustee to be adequate shall have been made therefor, whereupon the Gross Revenue Fund (except for the Gross Revenues required to make such payments or cure such defaults) shall be returned to the name and credit of the appropriate Obligated Group Members. During any period that the Gross Revenue Fund is held in the name and to the credit of the Master Trustee, the Master Trustee shall use and withdraw amounts in the Gross Revenue Fund from time to time (1) first, to make Required Payments as such payments become due (whether by maturity, redemption, acceleration or otherwise), and, if such amounts shall not be sufficient to pay in full all such payments due on any date, then as provided in the Master Indenture, and (2) second, to such other payments in the order which the Master Trustee, in its discretion, shall determine to be in the best interests of the Holders of Obligations without discrimination or preference. During any period that the Gross Revenue Fund is held in the name and to the credit of the Master Trustee, the Obligated Group Members shall not be entitled to use or withdraw any of the Gross Revenues unless and to the extent that the Master Trustee at its sole discretion so directs for the payment of current or past due operating expenses of the Obligated Group Members; provided, however, that the Obligated Group Members shall be entitled to use or withdraw any amounts in the Gross Revenue Fund which do not constitute Gross Revenues. Each Obligated Group Member agrees to execute and deliver all instruments as may be required to implement the provisions of the Master Indenture described herein. Each Obligated Group Member further agrees that a failure to comply with the provisions of the Master Indenture described herein shall cause irreparable harm to the Holders and shall entitle the Master Trustee, with or without notice, to take immediate action to compel the specific performance of the obligations of the Obligated Group Members as provided pursuant to the provisions of the Master Indenture described herein.

Events of Default and Remedies

Events of Default. Event of Default under the Master Indenture include:

(a) Failure on the part of the Obligated Group Members to make due and punctual payment of the principal of, redemption premium, if any, interest on or any other Required Payment on any Obligation.

(b) Any Obligated Group Member shall fail to observe or perform any other covenant or agreement under the Master Indenture (including covenants or agreements contained in any Related Supplement or Obligation) for a period of sixty (60) days after the date on which written notice of such failure, requiring the failure to be remedied, shall have been given to the Obligated Group Representative by the Master Trustee or to the Obligated Group Representative and the Master Trustee by the Holders of 25% in aggregate principal amount of Outstanding Obligations (provided that if such failure can be remedied but not within such 60 day period, such failure shall not become an Event of Default for so long as the Obligated Group Representative shall diligently proceed to remedy the failure in accordance with and subject to any directions or limitations of time established by the Master Trustee).

(c) Any Obligated Group Member: (i) shall default in the payment of Indebtedness (other than Subordinated Indebtedness, Nonrecourse Indebtedness, and Indebtedness secured by an Obligation, which shall be governed by clause (a) above) in an aggregate outstanding principal amount equal to the greater of $1,000,000,000 or 1% of the aggregate principal amount of all Long-Term Indebtedness of the Obligated Group then Outstanding, and any grace period for such payment shall have expired; or (ii) an event of default as defined in any mortgage, indenture or instrument under which any Indebtedness is secured or evidenced, shall occur; provided, however, that such default shall not constitute an Event of Default under the Master Indenture if within sixty (60) days, or if any proceeding to enforce payment of the Indebtedness

is commenced, within the time allowed for service of a responsive pleading, (i) any Obligated Group Member in good faith commences proceedings to contest the existence or payment of such Indebtedness and (ii) sufficient moneys are deposited in escrow with a bank or trust company or a bond acceptable to the Master Trustee is posted for the payment of such Indebtedness.

(d) A court having jurisdiction shall enter a decree or order for relief in respect of any Obligated Group Member in an involuntary case under any applicable federal or state bankruptcy, insolvency or other similar law, or appointing a receiver, liquidator, assignee, custodian, trustee, sequestrator (or similar official) of any Obligated Group Member or for any substantial part of the Property of any Obligated Group Member, or ordering the winding up or liquidation of its affairs, and such decree or order shall remain unstayed and in effect for a period of sixty (60) consecutive days.

(e) Any Obligated Group Member shall commence a voluntary case under any applicable federal or state bankruptcy, insolvency or other similar law, or shall consent to the entry of an order for relief in an involuntary case under any such law, or shall consent to the appointment of or taking possession by a receiver, liquidator, assignee, trustee, custodian, sequestrator (or similar official) of any Obligated Group Member or for any substantial part of its Property, or shall make any general assignment for the benefit of creditors, or shall fail generally to pay its debts as they become due or shall take any corporate action in furtherance of the foregoing.

(f) An event of default shall exist under any Related Bond Indenture.

(g) An event of default shall exist under any agreement with the insurer of any Related Bonds or Obligations.

The Obligated Group Representative agrees that, as soon as practicable, and in any event within ten (10) days after such event, the Obligated Group Representative shall notify the Master Trustee of any event which is an Event of Default under the Master Indenture which has occurred and is continuing, which notice shall state the nature of such event and the action which the Obligated Group Members propose to take with respect thereto.

Acceleration; Annulment of Acceleration. (a) Upon the occurrence and during the continuation of an Event of Default, the Master Trustee may, and upon the written request of the Holders of not less than a majority in aggregate principal amount of Outstanding Obligations shall, by notice to the Obligated Group Representative, declare all Outstanding Obligations immediately due and payable. Upon such declaration of acceleration, all Outstanding Obligations shall be immediately due and payable. If the terms of any Related Supplement give a Person the right to consent to acceleration of the Obligations issued pursuant to such Related Supplement, the Obligations issued pursuant to such Related Supplement may not be accelerated by the Master Trustee unless such consent is properly obtained pursuant to the terms of such Related Supplement. In the event of acceleration, an amount equal to the aggregate principal amount of all Outstanding Obligations, plus all interest accrued thereon and, to the extent permitted by applicable law, interest that accrues on such principal and interest to the date of payment, shall be due and payable on the Obligations. Notwithstanding the foregoing, no Obligation shall be accelerated if the Event of Default is the result of the nonpayment of a Subordinate Financial Products Payment.

(b) At any time after the Obligations have been declared to be due and payable, and before the entry of a final judgment or decree in any proceeding instituted with respect to the Event of Default that resulted in the declaration of acceleration, the Master Trustee may annul such declaration and its consequences if: (1) the Obligated Group Members have paid (or caused to be paid or deposited with the Master Trustee moneys sufficient to pay) all payments then due on all Outstanding Obligations (other than payments then due only because of such declaration); and (2) the Obligated Group Members have paid (or

caused to be paid or deposited with the Master Trustee moneys sufficient to pay) all fees and expenses of the Master Trustee then due; and (3) the Obligated Group Members have paid (or caused to be paid or deposited with the Master Trustee moneys sufficient to pay) all other amounts then payable by the Obligated Group under the Master Indenture; and (4) every Event of Default (other than a default in the payment of the principal or other payments of such Obligations then due only because of such declaration) has been remedied. No such annulment shall extend to or affect any subsequent Event of Default or impair any right with respect to any subsequent Event of Default.

Additional Remedies and Enforcement of Remedies. (a) Upon the occurrence and continuance of any Event of Default, the Master Trustee may, and upon the written request of the Holders of not less than a majority in aggregate principal amount of the Outstanding Obligations (and upon indemnification of the Master Trustee to its satisfaction by the Obligated Group for any such request), shall, proceed to protect and enforce its rights and the rights of the Holders under the Master Indenture by such proceedings as the Master Trustee may deem expedient, including but not limited to:

(1) Enforcement of the right of the Holders to collect amounts due or becoming due under the Obligations;

(2) Civil action upon all or any part of the Obligations;

(3) Civil action to require any Person holding moneys, documents or other property pledged to secure payment of amounts due or to become due on the Obligations to account as if it were the trustee of an express trust for the Holders of Obligations;

(4) Civil action to enjoin any acts, which may be unlawful or in violation of the rights of the Holders of Obligations; and

(5) Enforcement of any other right or remedy of the Holders conferred by law or by the Master Indenture.

(b) Regardless of the occurrence of an Event of Default, if requested in writing by the Holders of not less than a majority in aggregate principal amount of the Outstanding Obligations (and upon indemnification of the Master Trustee to its satisfaction for such request), the Master Trustee shall, institute and maintain such proceedings as it may be advised shall be necessary or expedient (1) to prevent any impairment of the security given under the Master Indenture by any acts which may be unlawful or in violation of the Master Indenture, or (2) to preserve or protect the interests of the Holders. However, the Master Trustee shall not comply with any such request or institute and maintain any such proceeding that is in conflict with any applicable law or the provisions of the Master Indenture or (in the sole judgment of the Master Trustee) is unduly prejudicial to the interests of the Holders not making such request.

Master Trustee to Represent Holders. The Master Trustee is irrevocably appointed as trustee and attorney in fact for the Holders for the purpose of exercising on their behalf the rights and remedies available to the Holders under the provisions of the Master Indenture, the Obligations, any Related Supplement and applicable provisions of law, in each case subject to the provisions of the Master Indenture. The Holders, by taking and holding the Obligations, shall be conclusively deemed to have so appointed the Master Trustee.

Holders' Control of Proceedings. If an Event of Default has occurred and is continuing, the Holders of at least a majority in aggregate principal amount of Outstanding Obligations shall have the right (upon the indemnification of the Master Trustee to its satisfaction) to direct the method and/or place of conducting any proceeding to be taken in connection with the enforcement of the terms of the Master

Indenture. Such direction must be in writing, signed by such Holders and delivered to the Master Trustee. However, the Master Trustee shall not follow any such direction that is in conflict with any applicable law or the provisions of the Master Indenture or (in the sole judgment of the Master Trustee) is unduly prejudicial to the interests of the Holders not joining in such direction. Nothing in the provisions of the Master Indenture described under this caption shall impair the right of the Master Trustee to take any other action authorized by the Master Indenture which it may deem proper and which is not inconsistent with such direction by Holders.

Waiver of Event of Default. No delay or omission of the Master Trustee or of any Holder to exercise any right with respect to any Event of Default shall impair such right or shall be construed to be a waiver of or acquiescence to such Event of Default. The Master Trustee may waive any Event of Default that has been remedied before the entry of a final judgment or decree in any proceeding instituted by it or before the completion of the enforcement of any other remedy under the Master Indenture. Upon the written request of the Holders of at least a majority in aggregate principal amount of Outstanding Obligations, the Master Trustee shall waive any Event of Default under the Master Indenture and its consequences; provided, however, that, except under the circumstances described in clause (b) above under the caption "Events of Default and Remedies – Acceleration; Annulment of Acceleration," the failure to pay the principal of, premium, if any, or interest on any Obligation when due may not be waived without the written consent of the Holders of all Outstanding Obligations.

Supplements and Amendments

Supplements Not Requiring Consent of Holders. The Obligated Group Representative (acting for itself and as agent of each Obligated Group Member) and the Master Trustee may, without the consent of or notice to any of the Obligation Holders, enter into one or more Related Supplements for any of the following purposes: (1) to correct any ambiguity or formal defect or omission in the Master Indenture which does not materially and adversely affect the interests of the Holders; (2) to correct or supplement any provision that may be inconsistent with any other provision or to make any other provision with respect to matters or questions arising under the Master Indenture, which, in either case, does not materially and adversely affect the interests of the Holders; (3) to grant or confer ratably upon all of the Holders any additional rights, remedies, powers or authority, or to add to the covenants of and restrictions on the Obligated Group Members; (4) to qualify the Master Indenture under the Trust Indenture Act of 1939, as amended; (5) to create and provide for the issuance of an Obligation or Series of Obligations as permitted under the Master Indenture; or (6) to obligate a successor to any Obligated Group Member of the Obligated Group; or (7) to add a new Obligated Group Member.

Supplements Requiring Consent of Holders. (a) Other than Related Supplements referred to in the immediately preceding paragraph, the Holders of not less than a majority in aggregate principal amount of the Outstanding Obligations shall have the right to consent to and approve the execution by the Obligated Group Representative (acting for itself and as agent for each Obligated Group Member) and the Master Trustee of such Related Supplements as shall be deemed necessary or desirable for the purpose of modifying, altering, amending, adding to or rescinding, any of the terms contained in the Master Indenture. No Related Supplement shall be permitted which would: (i) extend the stated maturity of, or time for paying interest on, any Obligation or reduce the principal amount of or the redemption premium or rate of interest or change the method of calculating interest payable on, or reduce any other Required Payment on any Obligation without the consent of the Holder of such Obligation; (ii) modify, alter, amend, add to or rescind any of the terms or provisions contained in the Master Indenture so as to affect the right of the Holders of any Obligations in default to compel the Master Trustee to declare the principal of all Obligations to be due and payable, without the consent of the Holders of all Obligations then Outstanding; or (iii) reduce the aggregate principal amount of Obligations then Outstanding the consent of the Holders of which is required

to authorize such Related Supplement, without the consent of the Holders of all Obligations then Outstanding.

(b) The Master Trustee may execute a Related Supplement (in substantially the form delivered to it as described below) without liability or responsibility to any Holder (whether or not such Holder has consented to the execution of such Related Supplement) if the Master Trustee receives: (i) a Request of the Obligated Group Representative to enter into such Related Supplement; (ii) a certified copy of the resolution of the Governing Body of the Obligated Group Representative approving the execution of such Related Supplement; (iii) the proposed Related Supplement; and (iv) an instrument or instruments executed by the Holders of not less than the aggregate principal amount or number of Obligations specified in clause (a) above for the Related Supplement in question which instrument or instruments shall refer to the proposed Related Supplement and shall specifically consent to and approve the execution thereof in substantially the form of the copy thereof as on file with the Master Trustee.

(c) Any such consent shall be binding upon the Holder of the Obligation giving such consent and upon any subsequent Holder of such Obligation and of any Obligation issued in exchange therefor (whether or not such subsequent Holder thereof has notice thereof), unless such consent is revoked in writing by the Holder of such Obligation giving such consent or by a subsequent Holder thereof by filing with the Master Trustee, prior to the execution by the Master Trustee of such Related Supplement, such revocation and, if such Obligation or Obligations are transferable by delivery, proof that such Obligations are held by the signer of such revocation. At any time after the Holders of the required principal amount or number of Obligations shall have filed their consents to the Related Supplement, the Master Trustee shall file a written statement to that effect with the Obligated Group Representative. Such written statement shall be conclusive evidence that such consents have been so filed.

(d) If the Holders of the required principal amount or number of the Outstanding Obligations have consented to the execution of such Related Supplement, no Holder shall have any right to object to the execution thereof, to object to any of the terms and provisions contained therein or the operation thereof, to question the propriety of the execution thereof or to enjoin or restrain the Master Trustee or the Obligated Group Representative from executing such Related Supplement or from taking any action pursuant to the provisions thereof.

Satisfaction and Discharge of Master Indenture

The Master Indenture shall cease to be of further effect if: (a) all Obligations previously authenticated (other than any Obligations which have been mutilated, destroyed, lost or stolen and which have been replaced or paid as provided in any Related Supplement) and not cancelled are delivered to the Master Trustee for cancellation; or (b) all Obligations not previously cancelled or delivered to the Master Trustee for cancellation are paid; or (c) a deposit is made in trust with the Master Trustee (or with a bank or trust company acceptable to the Master Trustee pursuant to an agreement between an Obligated Group Member and such bank or trust company in form acceptable to the Master Trustee) in cash or Government Obligations or both, sufficient to pay at maturity or upon redemption all Obligations not previously cancelled or delivered to the Master Trustee for cancellation, including principal and interest or other payment (including Financial Product Payments and Financial Product Extraordinary Payments) due or to become due to such date of maturity, redemption date or payment date, as the case may be; and all other sums payable under the Master Indenture by the Obligated Group Members are also paid. The Master Trustee, on demand of the Obligated Group Representative and at the cost and expense of the Obligated Group Members, shall execute proper instruments acknowledging satisfaction of and discharging the Master Indenture. The Obligated Group Representative shall cause a report to be prepared by a firm nationally recognized for providing verification services regarding the sufficiency of funds for such discharge and satisfaction provided pursuant to (c) above, upon which report the Master Trustee may rely.

The Obligated Group Members shall pay and indemnify the Master Trustee against any tax, fee or other charge imposed on or assessed against the Government Obligations deposited pursuant to the provisions of the Master Indenture described under this caption or the principal and interest received in respect thereof other than any such tax, fee or other charge which by law is for the account of the Holders of Outstanding Obligations.

Credit Enhancer Deemed Holder of Obligation

Except to the extent a Related Supplement or an Obligation provides otherwise, any credit enhancer of Related Bonds shall be deemed the Holder of the related Obligation for purposes of the Master Indenture for so long as the credit enhancement is in effect and the credit enhancer is not in default thereunder.

SUPPLEMENTAL MASTER INDENTURE OF TRUST FOR OBLIGATION NO. 12

General

Supplement No. 12 provides for the issuance of Obligation No. 12 pursuant to the Master Indenture and provides the terms and form thereof. Obligation No. 12 secures the obligation of CHCC and the other members of the Obligated Group arising under and pursuant to the Loan Agreement.

Payments on Obligation No. 12; Credits

Payment of principal of, premium, if any, and interest on Obligation No. 12 shall be made to the Trustee at the times and in the amounts specified in Obligation No. 12. The Obligated Group shall receive credit for payment on Obligation No. 12, in addition to any credits resulting from payment of prepayment from other sources, as follows:

(a) On installments of interest on Obligation No. 12 in an amount equal to all amounts deposited in the Interest Account created under the Indenture which amounts are available to pay interest on the Series 2021A Bonds to the extent such amounts have not previously been credited against payments on Obligation No. 12;

(b) On installments of principal of Obligation No. 12 in an amount equal to all amounts deposited in the Principal Account created under the Indenture which amounts are available to pay principal on the Series 2021A Bonds to the extent such amounts have not been previously credited against payments on Obligation No. 12;

(c) On installments of principal and interest, respectively, on Obligation No. 12 in an amount equal to the principal amount of Series 2021A Bonds for the payment of which sufficient amounts (as determined by the provisions of the Indenture) in cash or United States Government Obligations are on deposit as provided by the provisions of the Indenture, and the interest on such Series 2021A Bonds from and after the date interest thereon has been paid prior to payment thereof, to the extent such amounts have not been previously credited against payments on Obligation No. 12; provided that such credits shall be made against the installments of principal of and interest on Obligation No. 12 which would have been used, but for such payment, to pay principal of and interest on such Series 2021A Bonds when due; and

(d) On installments of principal and interest, respectively, on Obligation No. 12 in an amount equal to the principal amount of Series 2021A Bonds acquired by the Obligated Group and delivered to the Trustee for cancellation, and the interest on such Series 2021A Bonds from and after the date interest thereon has been paid prior to cancellation; provided that such credits shall be made against the installments

of principal of and interest on Obligation No. 12 which would have been used, but for such cancellation, to pay principal of and interest on such Series 2021A Bonds when due.

All amounts required to be paid by the Obligated Group on Obligation No. 12 pursuant to the provisions of the Loan Agreement shall be paid at such times and in such amounts as are required to be paid by the Borrowers pursuant to the provisions of the Loan Agreement. The Obligated Group shall receive credit for payment pursuant to this subsection in an amount equal to moneys paid to the Authority, the Trustee or such other party as may be specified in the provisions of the Loan Agreement, as the case may be, by CHCC and FCH pursuant to the provisions of the Loan Agreement.

The Obligated Group shall not be entitled to any credit resulting from the payment by the Insurer of principal of or interest on the Series 2021B Bonds pursuant to the Insurance Policy.

Prepayment of Obligation No. 12

(a) So long as all amounts which have become due under Obligation No. 12 have been paid, the Obligated Group shall have the right, at any time and from time to time, to pay in advance and in any order of due dates all or part of the amount to become due under Obligation No. 12. Prepayments may be made by payments of cash, United States Government Obligations or surrender of Series 2021A Bonds, as contemplated in subsection (d) above.

(b) Prepayments made under Supplement No. 12 shall be credited against amounts to become due on Obligation No. 12 as provided in Supplement No. 12 and in the Loan Agreement.

(c) The Obligated Group may also prepay all of its indebtedness under Obligation No. 12 by providing for payment of the Series 2021A Bonds in accordance with the Indenture.

Registration, Number, Negotiability and Transfer of Obligations

So long as any Series 2021A Bond remains Outstanding, Obligation No. 12 shall consist of a single Obligation without coupons registered as to principal and interest in the name of the Trustee and no transfer of Obligation No. 12 shall be registered under the Master Indenture except for transfers to a successor Trustee and except as described in the paragraph immediately following this paragraph.

Upon the principal of all Obligations then Outstanding being declared immediately due and payable upon and during the continuance of an Event of Default, Obligation No. 12 may be transferred if and to the extent the Trustee requests that the restrictions described in the preceding paragraph on transfers be terminated.

Right to Redeem

Obligation No. 12 shall be subject to redemption, in whole or in part, prior to maturity at the times and in the amounts applicable to redemption of the Series 2021A Bonds as specified in the Indenture; provided that in no event shall Obligation No. 12 be redeemed unless a corresponding amount of Series 2021A Bonds is also redeemed.

Partial Redemption of Obligation No. 12.

Upon the selection and call for redemption, and the surrender, of Obligation No. 12 for redemption in part only, the Obligated Group Representative shall cause to be executed and the Master Trustee shall authenticate and deliver to, upon the written order of, the Holder thereof, at the expense of the Obligated

Group Representative, a new Obligation No. 12 in principal amount equal to the unredeemed portion of Obligation No. 12, which new Obligation No. 12 shall be a fully registered Obligation without coupons.

The Obligated Group Representative may agree with the Holder of Obligation No. 12 that such Holder may, in lieu of surrendering the Obligation for a new fully registered Obligation without coupons, endorse on the Obligation a notice of such partial redemption, which notice shall set forth, over the signature of such Holder, the payment date, the principal amount redeemed and the principal amount remaining unpaid. Such partial redemption shall be valid upon payment of the amount thereof to the registered owner of Obligation No. 12 and the Obligated Group and the Master Trustee shall be fully released and discharged from all liability to the extent of such payment irrespective of whether such endorsement shall or shall not have been made upon the reverse of Obligation No. 12 by the Holder thereof and irrespective of any error or omission in such endorsement.

Effect of Call for Redemption.

On the date designated for redemption by notice given as provided in Supplement No. 12, Obligation No. 12, or the part thereof called for redemption, shall become and be due and payable at the redemption price provided for redemption of Obligation No. 12 or the part thereof called for redemption on such date. If, on the date fixed for redemption, moneys for payment of the redemption price and accrued interest are held by the Master Trustee, interest on Obligation No. 12, or the part thereof called for redemption, shall cease to accrue and Obligation No. 12, or the part thereof called for redemption, shall cease to be entitled to any benefit or security under the Master Indenture except the right to receive payment from the moneys held by the Master Trustee or the paying agents and the amount of Obligation No. 12 so called for redemption shall be deemed paid and no longer Outstanding.

Release and Reconveyance of Deeds of Trust

CHCC and the Master Trustee agree and acknowledge that: (i) the Holders, beneficial owners and all subsequent holders of the Series 2021A Bonds, by acceptance of the Series 2021A Bonds, are deemed to have irrevocably consented to the release and reconveyance of each Deed of Trust; and (ii) pursuant to such deemed consent, the Trustee as Holder of Obligation No. 12, by acceptance of Obligation No. 12, has consented to the release and reconveyance of each Deed of Trust. Based on the foregoing, the Master Trustee agrees to accept such consent of the Holder of Obligation No. 12 and to execute such documentation as shall be required to evidence the consent of the Master Trustee to the release and reconveyance of each Deed of Trust upon satisfaction of all requirements specified in each Deed of Trust.

Amendment and Restatement of the Master Indenture

CHCC and the Master Trustee agree and acknowledge that: (i) the Holders, beneficial owners and all subsequent holders thereof of the Series 2021A Bonds, by acceptance of the Series 2021A Bonds, are deemed to have irrevocably consented to the amendment and restatement of the Master Indenture that will result in its restatement in the form attached to Supplemental Master Indenture of Trust No. 11, dated as of December 1, 2021, among CHCC, FCH and the Master Trustee (the "Amended and Restated Master Indenture"); and (ii) pursuant to such deemed consent, the Trustee as Holder of Obligation No. 12, by acceptance of Obligation No. 12, has consented to the amendment and restatement of the Master Indenture as the Amended and Restated Master Indenture. Based on the foregoing, the Master Trustee agrees to accept such consent of the Holder of Obligation No. 12 and to execute such documentation as shall be required to evidence the consent of the Master Trustee to the Amended and Restated Master Indenture. Such Amended and Restated Master Indenture shall take effect at such time as the conditions under the Master Indenture to the amendment thereof have been satisfied.

SUPPLEMENTAL MASTER INDENTURE OF TRUST FOR OBLIGATION NO. 13

General

Supplement No. 13 provides for the issuance of Obligation No. 13 pursuant to the Master Indenture and provides the terms and form thereof. Obligation No. 13 secures the obligation of CHCC and the other members of the Obligated Group arising under and pursuant to the Loan Agreement.

Payments on Obligation No. 13; Credits

Payment of principal of, premium, if any, and interest on Obligation No. 13 shall be made to the Trustee at the times and in the amounts specified in Obligation No. 13. The Obligated Group shall receive credit for payment on Obligation No. 13, in addition to any credits resulting from payment of prepayment from other sources, as follows:

(a) On installments of interest on Obligation No. 13 in an amount equal to all amounts deposited in the Interest Account created under the Indenture which amounts are available to pay interest on the Series 2021B Bonds to the extent such amounts have not previously been credited against payments on Obligation No. 13;

(b) On installments of principal of Obligation No. 13 in an amount equal to all amounts deposited in the Principal Account created under the Indenture which amounts are available to pay principal on the Series 2021B Bonds to the extent such amounts have not been previously credited against payments on Obligation No. 13;

(c) On installments of principal and interest, respectively, on Obligation No. 13 in an amount equal to the principal amount of Series 2021B Bonds for the payment of which sufficient amounts (as determined by the provisions of the Indenture) in cash or United States Government Obligations are on deposit as provided by the provisions of the Indenture, and the interest on such Series 2021B Bonds from and after the date interest thereon has been paid prior to payment thereof, to the extent such amounts have not been previously credited against payments on Obligation No. 13; provided that such credits shall be made against the installments of principal of and interest on Obligation No. 13 which would have been used, but for such payment, to pay principal of and interest on such Series 2021B Bonds when due; and

(d) On installments of principal and interest, respectively, on Obligation No. 13 in an amount equal to the principal amount of Series 2021B Bonds acquired by the Obligated Group and delivered to the Trustee for cancellation, and the interest on such Series 2021B Bonds from and after the date interest thereon has been paid prior to cancellation; provided that such credits shall be made against the installments of principal of and interest on Obligation No. 13 which would have been used, but for such cancellation, to pay principal of and interest on such Series 2021B Bonds when due.

All amounts required to be paid by the Obligated Group on Obligation No. 13 pursuant to the provisions of the Loan Agreement shall be paid at such times and in such amounts as are required to be paid by the Borrowers pursuant to the provisions of the Loan Agreement. The Obligated Group shall receive credit for payment pursuant to this subsection in an amount equal to moneys paid to the Authority, the Trustee or such other party as may be specified in the provisions of the Loan Agreement, as the case may be, by CHCC and FCH pursuant to the provisions of the Loan Agreement.

Prepayment of Obligation No. 13

(a) So long as all amounts which have become due under Obligation No. 13 have been paid, the Obligated Group shall have the right, at any time and from time to time, to pay in advance and in any order of due dates all or part of the amount to become due under Obligation No. 13. Prepayments may be made by payments of cash, United States Government Obligations or surrender of Series 2021B Bonds, as contemplated in subsection (d) above.

(b) Prepayments made under Supplement No. 13 shall be credited against amounts to become due on Obligation No. 13 as provided in Supplement No. 13 and in the Loan Agreement.

(c) The Obligated Group may also prepay all of its indebtedness under Obligation No. 13 by providing for payment of the Series 2021B Bonds in accordance with the Indenture.

Registration, Number, Negotiability and Transfer of Obligations

So long as any Series 2021B Bond remains Outstanding, Obligation No. 13 shall consist of a single Obligation without coupons registered as to principal and interest in the name of the Trustee and no transfer of Obligation No. 13 shall be registered under the Master Indenture except for transfers to a successor Trustee and except as described in the paragraph immediately following this paragraph.

Upon the principal of all Obligations then Outstanding being declared immediately due and payable upon and during the continuance of an Event of Default, Obligation No. 13 may be transferred if and to the extent the Trustee requests that the restrictions described in the preceding paragraph on transfers be terminated.

Right to Redeem

Obligation No. 13 shall be subject to redemption, in whole or in part, prior to maturity at the times and in the amounts applicable to redemption of the Series 2021B Bonds as specified in the Indenture; provided that in no event shall Obligation No. 13 be redeemed unless a corresponding amount of Series 2021B Bonds is also redeemed.

Partial Redemption of Obligation No. 13.

Upon the selection and call for redemption, and the surrender, of Obligation No. 13 for redemption in part only, the Obligated Group Representative shall cause to be executed and the Master Trustee shall authenticate and deliver to, upon the written order of, the Holder thereof, at the expense of the Obligated Group Representative, a new Obligation No. 13 in principal amount equal to the unredeemed portion of Obligation No. 13, which new Obligation No. 13 shall be a fully registered Obligation without coupons.

The Obligated Group Representative may agree with the Holder of Obligation No. 13 that such Holder may, in lieu of surrendering the Obligation for a new fully registered Obligation without coupons, endorse on the Obligation a notice of such partial redemption, which notice shall set forth, over the signature of such Holder, the payment date, the principal amount redeemed and the principal amount remaining unpaid. Such partial redemption shall be valid upon payment of the amount thereof to the registered owner of Obligation No. 13 and the Obligated Group and the Master Trustee shall be fully released and discharged from all liability to the extent of such payment irrespective of whether such endorsement shall or shall not have been made upon the reverse of Obligation No. 13 by the Holder thereof and irrespective of any error or omission in such endorsement.

Effect of Call for Redemption.

On the date designated for redemption by notice given as provided in Supplement No. 13, Obligation No. 13, or the part thereof called for redemption, shall become and be due and payable at the redemption price provided for redemption of Obligation No. 13 or the part thereof called for redemption on such date. If, on the date fixed for redemption, moneys for payment of the redemption price and accrued interest are held by the Master Trustee, interest on Obligation No. 13, or the part thereof called for redemption, shall cease to accrue and Obligation No. 13, or the part thereof called for redemption, shall cease to be entitled to any benefit or security under the Master Indenture except the right to receive payment from the moneys held by the Master Trustee or the paying agents and the amount of Obligation No. 13 so called for redemption shall be deemed paid and no longer Outstanding.

Release and Reconveyance of Deeds of Trust

CHCC and the Master Trustee agree and acknowledge that: (i) the Holders, beneficial owners and all subsequent holders of the Series 2021B Bonds, by acceptance of the Series 2021B Bonds, are deemed to have irrevocably consented to the release and reconveyance of each Deed of Trust; and (ii) pursuant to such deemed consent, the Trustee as Holder of Obligation No. 13, by acceptance of Obligation No. 13, has consented to the release and reconveyance of each Deed of Trust. Based on the foregoing, the Master Trustee agrees to accept such consent of the Holder of Obligation No. 13 and to execute such documentation as shall be required to evidence the consent of the Master Trustee to the release and reconveyance of each Deed of Trust upon satisfaction of all requirements specified in each Deed of Trust.

Amendment and Restatement of the Master Indenture

CHCC and the Master Trustee agree and acknowledge that: (i) the Holders, beneficial owners and all subsequent holders thereof of the Series 2021B Bonds, by acceptance of the Series 2021B Bonds, are deemed to have irrevocably consented to the amendment and restatement of the Master Indenture that will result in its restatement in the form attached to Supplemental Master Indenture of Trust No. 11, dated as of December 1, 2021, among CHCC, FCH and the Master Trustee (the "Amended and Restated Master Indenture"); and (ii) pursuant to such deemed consent, the Trustee as Holder of Obligation No. 13, by acceptance of Obligation No. 13, has consented to the amendment and restatement of the Master Indenture as the Amended and Restated Master Indenture. Based on the foregoing, the Master Trustee agrees to accept such consent of the Holder of Obligation No. 13 and to execute such documentation as shall be required to evidence the consent of the Master Trustee to the Amended and Restated Master Indenture. Such Amended and Restated Master Indenture shall take effect at such time as the conditions under the Master Indenture to the amendment thereof have been satisfied.

Insurer Covenants

Anything in Supplement No. 13 to the contrary notwithstanding, all rights of the Insurer (including, without limitation, any rights with respect to the Obligation No. 13) shall not apply (i) during any period of time that the Insurer is in default in its payment obligations under the Insurance Policy, (ii) upon the institution by the Insurer of proceedings for an order for relief, or the consent by it to an order for relief against it, or the filing by it of a petition or answer or consent seeking its reorganization, arrangement, adjustment, rehabilitation, conservation, liquidation or dissolution under applicable law, or the consent by it to a filing of any such petition or to the appointment of a receiver, liquidator, custodian, conservator, assignee, trustee or sequestrator (or other similar official) of the Insurer or any substantial part of its property or (iii) if a decree or order for relief shall be entered by a court or insurance regulatory authority having jurisdiction over the Insurer in an involuntary case under an applicable bankruptcy, insolvency or other similar law now or hereafter in effect, or appointing a receiver, liquidator, custodian, conservator, trustee,

or sequestrator (or similar official) of the Insurer or for any substantial part of the property of the Insurer or ordering the winding up or liquidation of the affairs of the Insurer, and any such decree or order shall be unstayed and remain in effect for a period of 90 consecutive days thereafter; provided that the provisions of Supplement No. 13 described in this paragraph shall not in any way limit or affect the rights of the Insurer as a Holder of Obligation No. 13, as a holder of any Bonds, as a subrogee of a holder of Bonds or as an assignee of such holder, or to otherwise be reimbursed and indemnified as provided in the Indenture, or in connection with Obligation No. 13, the Series 2021B Bonds or the Insurance Policy, either by operation of law or at equity or by contract.

Each owner or Holder of Obligation No. 13 agrees and confirms that, so long as the Insurer has not lost its right as provided in Supplement No. 13, the Insurer shall be treated as the owner and Holder of Obligation No. 13 for purposes of Article IV and Article VI of the Master Indenture (and related provisions), but not for purposes of payment unless the Insurer shall become the registered holder of Obligation No. 13 on the registration books of the Master Trustee maintained at the Corporate Trust Office (as such terms are defined in the Master Indenture) of the Master Trustee, with the effect that the Insurer shall have the full right and authority to give notices, consents and approvals, to request or consent to accelerations, to control and direct proceedings, to grant waivers and consents, to direct the making of appointments and to consent to supplements to the Amended and Restated Master Indenture with the same force and effect as if it were the owner or holder of Obligation No. 13, and each owner or Holder of Obligation No. 13 agrees to follow the directions of the Insurer in the exercise of such rights and authority. To the extent that the Insurer makes payment of the principal or interest in respect of Obligation No. 13 by making a payment of principal or interest on the Series 2021B Bonds, it shall be fully subrogated to all of the Holder's rights thereunder relating to Obligation No. 13, including the Holder's rights to payment thereof. To evidence such subrogation, the Master Trustee shall note that the Insurer's rights as subrogee on the registration books maintained by the Master Trustee upon receipt of proof from the Insurer of payment of such principal or interest thereon.

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APPENDIX C-2

SUMMARY OF THE SERIES 2021A INDENTURE AND SERIES 2021A LOAN AGREEMENT

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APPENDIX C-2

SUMMARY OF THE SERIES 2021A INDENTURE AND SERIES 2021A LOAN AGREEMENT

The following is a summary of certain provisions of the Indenture relating to the Series 2021A Bonds, dated as of December 1, 2021 (the "Indenture"), between California Municipal Finance Authority (the "Authority") and The Bank of New York Mellon Trust Company, N.A. ("BNY"), as trustee, and the Loan Agreement, dated as of December 1, 2021 (the "Loan Agreement"), among the Authority, Community Hospitals of Central California ("CHCC") and Fresno Community Hospital and Medical Center (d/b/a Community Health System) ("FCH"). This summary does not purport to be comprehensive or definitive, is supplemental to the summary of other provisions of such documents which are described elsewhere in this Official Statement and is qualified in its entirety by reference to the full terms of the Master Indenture of Trust, Supplement No. 12, the Indenture and the Loan Agreement. For the purposes of this Appendix C-2, references to the "Bonds" or a "Bond" shall mean the Series 2021A Bonds or a Series 2021A Bond, as applicable. All capitalized terms not defined in this Official Statement have the meanings set forth in the Indenture or, if not set forth in the Indenture, in the Master Indenture of Trust.

DEFINITIONS OF CERTAIN TERMS

Accountant means any firm of independent certified public accountants selected by CHCC.

Act means the Joint Exercise of Powers Act, comprising Articles 1, 2, 3 and 4 of Chapter 5 of Division 7 of Title 1 (commencing with Section 6500) of the Government Code of the State.

Additional Payments means the payments so designated and required to be made by the Borrowers pursuant to the provisions of the Loan Agreement.

Administrative Fees and Expenses means any application, commitment, financing or similar fee charged or reimbursement for administrative or other expenses incurred by the Authority or the Trustee, including Additional Payments.

Amended and Restated Master Trust Indenture means that certain Master Trust Indenture (Amended and Restated), a copy of which is attached to Supplemental Master Indenture of Trust No. 11, dated as of December 1, 2021, among CHCC, FCH and the Master Trustee.

Authority means the California Municipal Finance Authority or its successors and assigns, a joint exercise of powers authority formed by a Joint Exercise of Powers Agreement, dated as of January 1, 2004, by and among certain California cities, counties and special districts, as amended from time to time, pursuant to the provisions of the Act.

Authority Representative means with respect to the Authority, any member of the Board of Directors of the Authority, the Executive Director of the Authority or any other person designated as an Authority Representative by a certificate signed by a member of the Board of Directors of the Authority and filed with the Trustee.

Authorized Representative means (1) with respect to the Authority, an Authority Representative, and (2) with respect to the Borrowers, the chair of the governing body of CHCC, the chief executive officer of CHCC, the chief operating officer of CHCC, the chief financial officer of CHCC or any other person designated as an Authorized Representative by a Certificate signed by one of the above parties and filed with the Trustee.

Beneficial Owner means any Person which has or shares the power, directly or indirectly, to make investment decisions concerning ownership of any of the Bonds (including any Person holding Bonds through nominees, depositories or other intermediaries).

Bond Counsel means any attorney at law or firm of attorneys of nationally recognized standing in matters pertaining to the federal tax exemption of interest on bonds issued by states and political subdivisions, and duly admitted to practice law before the highest court of any state of the United States of America, but shall not include counsel for the Borrowers.

Bondholder, whenever used herein with respect to a Bond, means the Person in whose name such Bond is registered.

Bonds means the California Municipal Finance Authority Revenue Bonds (Community Health System), Series 2021A authorized by, and at any time Outstanding pursuant to, the Indenture.

Borrower means, as applicable, CHCC or FCH or any entity which is the surviving, resulting or transferee entity of such corporation in any merger, consolidation or transfer of assets permitted under the Master Indenture.

Borrowers means CHCC and FCH.

Business Day means any day other than a Saturday, Sunday, a day on which The New York Stock Exchange is closed or a day on which banks located in (a) the State of California or the State of New York or (b) the city or cities in which the Corporate Trust Office is located are authorized or required to remain closed.

Certificate, Statement, Request and Requisition of the Authority or the Borrowers mean, respectively, a written certificate, statement, request or requisition signed in the name of the Authority by an Authority Representative or in the name of the Borrowers by an Authorized Representative of the Borrowers.

CHCC means Community Hospitals of Central California, a nonprofit public benefit corporation duly organized and existing under the laws of the State or any entity which is the surviving, resulting or transferee entity in any merger, consolidation or transfer of assets permitted under the Master Indenture.

Code means the Internal Revenue Code of 1986, or any successor statute thereto and any regulations promulgated thereunder.

Continuing Disclosure Undertaking means, that certain Continuing Disclosure Agreement, dated the Date of Issuance, executed by the Borrowers and The Bank of New York Mellon Trust Company, N.A., as trustee and dissemination agent, as originally executed, and as it may be amended from time to time in accordance with its terms.

Corporate Trust Office means the corporate trust office of the Trustee located at 333 S. Hope Street, Suite 2525, Los Angeles, California 90071, Attention: Corporate Trust, or such other or additional offices as may be designated by the Trustee from time to time in a writing delivered to the Borrowers, except that with respect to presentation of Bonds for payment or for registration of transfer and exchange such term means shall mean the office or agency of the Trustee at which, at any particular time, its corporate trust agency business shall be conducted.

Deeds of Trust means the Deed of Trust with Assignment of Leases and Rents, Fixture Filing and Security Agreement, dated as of October 1, 2009, executed and delivered by CHCC and the Deed of Trust with Assignment of Leases and Rents, Fixture Filing and Security Agreement, dated as of October 1, 2009, executed and delivered by FCH.

Effective Date means date specified in an Officer's Certificate (as defined in the Master Indenture) delivered by or on behalf of the Obligated Group to the Master Trustee, certifying that the conditions required by the Master Indenture have been satisfied, to the effect that the Amended and Restated Master Trust Indenture is a valid and binding obligation of each Obligated Group Member enforceable in accordance with its terms except as enforcement may be limited by customary exceptions for bankruptcy, insolvency and other laws generally affecting enforcement of creditors' rights and application of general principles of equity.

Electronic Means means telecopy, facsimile transmission, e-mail transmission or other similar electronic means of communication providing evidence of transmission, including a telephonic communication confirmed by any other method set forth in this definition.

Environmental Regulation means any federal, state or local law, statute, code, ordinance, regulation, requirement or rule relating to dangerous, toxic or hazardous pollutants, Hazardous Substances, chemical waste, materials or substances.

Event of Default means any of the events of default specified in the Indenture.

Facilities means the health care facilities comprising the Project owned and operated by a Member of the Obligated Group.

Favorable Opinion of Bond Counsel means an opinion of Bond Counsel addressed to the Trustee to the effect that the action proposed to be taken is authorized or permitted by the Indenture and will not, in and of itself, adversely affect any exclusion of interest on the Bonds from gross income for purposes of federal income taxation.

FCH means Fresno Community Hospital and Medical Center (d/b/a Community Health System), a nonprofit public benefit corporation duly organized and existing under the laws of the State or any entity which is the surviving, resulting or transferee entity in any merger, consolidation or transfer of assets permitted under the Master Indenture.

Financing Documents means the Loan Agreement, Supplement No. 12, Obligation No. 12 and the Tax Agreement.

Governmental Unit shall have the meaning set forth in Section 150 of the Code.

Hazardous Substances means: (a) any oil, flammable substance, explosives, radioactive materials, hazardous wastes or substances, toxic wastes or substances or any other wastes, materials or pollutants which (i) pose a hazard to the Facilities or to persons on or about the Facilities or (ii) cause the Facilities to be in violation of any Environmental Regulation; (b) asbestos in any form which is or could become friable, urea formaldehyde foam insulation, transformers or other equipment which contain dielectric fluid containing levels of polychlorinated biphenyls, or radon gas; (c) any chemical, material or substance defined as or included in the definition of "waste," "hazardous substances," "hazardous wastes," "hazardous materials," extremely hazardous waste," "restricted hazardous waste," or "toxic substances" or words of similar import under any Environmental Regulation, including, but not limited to, the Comprehensive Environmental Response, Compensation and Liability Act ("CERCLA"), 42 USC §§

9601 et seq.; the Resource Conservation and Recovery Act ("RCRA"), 42 USC §§ 6901 et seq.; the Hazardous Materials Transportation Act, 49 USC §§ 1801 et seq.; the Federal Water Pollution Control Act, 33 USC §§ 1251 et seq.; the California Hazardous Waste Control Law ("HWCL"), Cal. Health & Safety §§ 25100 et seq.; the Hazardous Substance Account Act ("HSAA"), Cal. Health & Safety Code §§ 25300 et seq.; the Underground Storage of Hazardous Substances Act, Cal. Health & Safety §§ 25280 et seq.; the Porter-Cologne Water Quality Control Act (the "Porter-Cologne Act"), Cal. Water Code §§ 13000 et seq., the Safe Drinking Water and Toxic Enforcement Act of 1986 (Proposition 65); and Title 22 of the California Code of Regulations, Division 4, Chapter 30; (d) any other chemical, material or substance, exposure to which is prohibited, limited or regulated by any governmental authority or agency or may or could pose a hazard to the health and safety of the occupants of the Facilities or the owners and/or occupants of property adjacent to or surrounding the Facilities, or any other person coming upon the Facilities or adjacent property; or (e) any other chemical, materials or substance which may or could pose a hazard to the environment.

Holder, whenever used herein with respect to a Bond, means the Person in whose name such Bond is registered.

Indenture means the Indenture, dated as of December 1, 2021, related to the Series 2021A Bonds, between the Authority and the Trustee, as originally executed and as it may from time to time be supplemented, modified or amended by any Supplemental Indenture.

Interest Account means the account by that name in the Revenue Fund established pursuant to the provisions of the Indenture.

Interest Payment Date means each August 1 and February 1, commencing February 1, 2022.

Investment Securities means any of the following:

(a) United States Government Obligations;

(b) Obligations of any of the following federal agencies which obligations represent the full faith and credit of the United States of America (including stripped securities if the agency has stripped them itself):

(i) U.S. Export-Import Bank (Eximbank Direct obligations or fully guaranteed certificates of beneficial ownership);

(ii) Farmers Home Administration;

(iii) Federal Financing Bank;

(iv) Federal Housing Administration Debentures;

(v) General Services Administration;

(vi) Government National Mortgage Association ("GNMA") (including guaranteed mortgage-backed bonds and guaranteed pass-through obligations);

(vii) U.S. Maritime Administration (guaranteed Title XI financing); and

(viii) U.S. Department of Housing and Urban Development (including project notes, local authority bonds, new communities debentures, U.S. government guaranteed debentures, U.S. Public Housing Notes and Bonds and U.S. government guaranteed public housing notes and bonds;

(c) Debentures, bonds, notes or other evidence of indebtedness issued or guaranteed by any of the following U.S. government agencies which obligations are not fully guaranteed by the full faith and credit of the United States of America (including stripped securities if the agency has stripped them itself):

(i) Federal Home Loan Bank System (senior debt obligations);

(ii) Resolution Funding Corporation (REFCORP) obligations;

(iii) Federal Home Loan Mortgage Corporation (FHLMC or "Freddie Mac") senior debt obligations or participation certificates;

(iv) Federal National Mortgage Association (FNMA or "Fannie Mae") mortgage-backed securities and senior debt obligations; and

(v) Farm Credit System – consolidated systemwide bonds and notes.

(d) Money market funds registered under the Federal Investment Company Act of 1940, whose shares are registered under the Federal Securities Act of 1933, and having a rating by S&P of AAAm-G; AAA-m; or AA-m and, if rated by Moody's, rated Aaa, Aa1 or Aa2, including such funds for which the Trustee, its affiliates or subsidiaries provide investment advisory or other management services or for which the Trustee or an affiliate of the Trustee serves as investment administrator, shareholder servicing agent, and/or custodian or subcustodian, notwithstanding that (i) the Trustee or an affiliate of the Trustee receives and retains a fee for services provided to the fund, (ii) the Trustee collects fees for services rendered pursuant to the Indenture, which fees are separate from the fees received from such funds, and (iii) services performed for such funds and pursuant to the Indenture may at times duplicate those provided to such funds by the Trustee or an affiliate of the Trustee;

(e) Certificates of deposit secured at all times by collateral described in clause (a) above if issued by commercial banks, savings and loan associations or mutual savings banks; the collateral must be held by a third party and the Trustee, on behalf of the Bondholders, must have a perfected first security interest in such collateral;

(f) Certificates of deposit, savings accounts, deposit accounts or money market deposits which are fully insured by the Federal Deposit Insurance Corporation (including those of the Trustee and its affiliates);

(g) Investment agreements, including guaranteed investment contracts, forward purchase agreements and reserve fund put agreements (supported by appropriate opinions of counsel);

(h) Commercial paper which is rated at the time of purchase "P-1" or better by Moody's and "A-1" or better by S&P;

(i) Municipal obligations issued by any state or municipality with a rating by both Moody's and S&P in one of the two highest Rating Categories by such rating agencies; and

(j) Federal funds or bankers acceptances with a maximum term of one year of any bank which has an unsecured, uninsured and unguaranteed obligation rating of "Prime-1" or "A3" or better by Moody's and "A-1" or "A" or better by S&P.

Ratings of Investment Securities referred to shall be determined at the time of purchase of such Investment Securities and without regard to subcategories. The Trustee shall have no responsibility to monitor the ratings of Investment Securities after the initial purchase of such Investment Securities, or the responsibility to validate the ratings of Investment Securities prior to the initial purchase.

Loan Agreement means the Loan Agreement, dated as of December 1, 2021 related to the Series 2021A Bonds, among the Authority, CHCC and FCH, as originally executed and as it may from time to time be supplemented, modified or amended in accordance with the terms thereof and of the Indenture.

Loan Default Event means any of the events of default specified in the Loan Agreement.

Loan Repayments means the payments so designated as such pursuant to the Loan Agreement and required to be made by the Borrowers pursuant to the Loan Agreement.

Master Indenture means that certain Master Indenture of Trust, dated as of May 1, 2007, among CHCC and certain of its affiliates, including FCH, and the Master Trustee, as originally executed and as it may from time to time heretofore or hereafter be supplemented, modified or amended in accordance with its terms, including as supplemented by Supplement No. 12 and, upon the Effective Date, as may be amended by the Amended and Restated Master Trust Indenture.

Master Trustee means The Bank of New York Mellon Trust Company, N.A., a national banking association organized and existing under the laws of the United States of America, or its successor, as trustee under the Master Indenture.

Member means CHCC, FCH and each other Person that is then obligated as a Member under and as defined in the Master Indenture.

Minimum Authorized Denominations means $5,000 or any integral multiple thereof.

Moody's means Moody's Investors Service, a corporation organized and existing under the laws of the State of Delaware, its successors and their assigns, or, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, any other nationally recognized securities rating agency designated by CHCC by notice in writing to the Authority and the Trustee.

Obligated Group means CHCC, FCH and each other Person which becomes a Member of, and has not withdrawn from, the Obligated Group, in each case pursuant to the terms of the Master Indenture.

Obligated Group Representative means CHCC or such other Member as may have been designated pursuant to a written notice to the Master Trustee executed by all of the Members.

Obligation means any obligation of the Obligated Group issued under the Master Indenture, as a joint and several obligation of each Obligated Group Member, which may be in any form set forth in a Related Supplement, including, but not limited to, bonds, notes, obligations, debentures, reimbursement agreements, loan agreements, Financial Products Agreements or leases. References to a Series of Obligations or to Obligations of a Series means Obligations or Series of Obligations issued pursuant to a single Related Supplement.

Obligation No. 12 means Community Hospitals of Central California Obligation No. 12 issued by CHCC, acting as Obligated Group Representative, pursuant to the Master Indenture and Supplement No. 12.

Opinion of Counsel means a written opinion of counsel (who may be counsel for the Authority, the Trustee, any Member of the Obligated Group or Bond Counsel), selected by CHCC.

Outstanding, when used as of any particular time with reference to Bonds, means (subject to the provisions of the Indenture relating to disqualified Bonds) all Bonds theretofore, or thereupon being, authenticated and delivered by the Trustee under the Indenture except: (1) Bonds theretofore canceled by the Trustee or surrendered to the Trustee for cancellation; (2) Bonds with respect to which all liability of the Authority shall have been discharged in accordance with the provisions of the Indenture; and (3) Bonds for the transfer or exchange of or in lieu of or in substitution for which other Bonds shall have been authenticated and delivered by the Trustee pursuant to the provisions of the Indenture.

Participant means a member of or participant in the Securities Depository.

Participating Underwriter means any of the original underwriters of the Bonds required to comply with Rule 15c2-12 in connection with offering of the Bonds.

Person means an individual, corporation, firm, association, partnership, trust, or other legal entity or group of entities, including a governmental entity or any agency or political subdivision thereof.

Principal Account means the account by that name in the Revenue Fund established pursuant to the provisions of the Indenture.

Project means the construction, renovation, improvement and equipping of health care facilities owned and operated by a Member of the Obligated Group located in the County of Fresno, California.

Project Fund means the fund by that name established pursuant to the Indenture.

Rating Agency means Moody's Investors Service, Inc., S&P, and any other nationally recognized rating agency then assigning a rating to the Bonds at the request of CHCC.

Rating Category means a generic securities rating category, without regard to any refinement or gradation of such rating category by a numerical modifier or otherwise.

Rebate Fund means the fund by that name established pursuant to the provisions of the Indenture.

Rebate Requirement means any amount required by the Tax Agreement to be paid to the United States government.

Record Date means the fifteenth (15th) day (whether or not such day is a Business Day) of the calendar month immediately preceding the calendar month in which an Interest Payment Date occurs.

Redemption Fund means the fund by that name established pursuant to the Indenture.

Redemption Price means, with respect to any Bond (or portion thereof), the principal amount of such Bond (or portion), plus the applicable premium, if any, payable upon redemption thereof pursuant to the provisions of such Bond and the Indenture.

Reserved Rights means those certain rights of the Authority under the Loan Agreement to indemnification and to payment or reimbursement of fees and expenses of the Authority, including specifically, but, without limitation, Additional Payments payable to the Authority under the provisions of the Loan Agreement, its right to inspect and audit the books, records and premises of the Borrowers, its right to collect attorneys' fees and related expenses, its right to enforce the Borrowers' covenant to comply with applicable federal tax law and State law, its right to receive notices and to grant or withhold consents or waivers under the Loan Agreement and the Indenture, and its right to amend the Indenture and the Loan Agreement in accordance with the provisions of the Indenture and the Loan Agreement.

Revenue Fund means the fund by that name established pursuant to the provisions of the Indenture.

Revenues means all amounts received by the Authority or the Trustee for the account of the Authority pursuant or with respect to the Loan Agreement or Obligation No. 12, including, without limiting the generality of the foregoing, Loan Repayments (including both timely and delinquent payments and any late charges, and whether paid from any source), prepayments, insurance proceeds, condemnation proceeds and all interest, profits or other income derived from the investment of amounts in any fund or account established pursuant to the Indenture, but not including any Administrative Fees and Expenses, proceeds from any right of indemnification or any moneys required to be deposited in the Rebate Fund.

Rule 15c2-12 means Securities and Exchange Commission Rule 15c2-12, as supplemented and amended from time to time.

S&P means S&P Global Ratings, its successors and their assigns, or, if such organization shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, any other nationally recognized securities rating agency designated by CHCC by notice in writing to the Authority and the Trustee.

Securities Depository means The Depository Trust Company and its successors and assigns, or any other securities depository selected as set forth in the Indenture.

Serial Bonds means Bonds, maturing in specified years, for which no Sinking Fund Installments are provided.

Sinking Fund Installment means the amount required by the provisions of the Indenture to be paid by the Authority on any single date for the retirement of Bonds.

Sinking Fund Installment Date means the dates specified in the Indenture.

Special Record Date means the date established by the Trustee pursuant to the provisions of the Indenture as the record date for the payment of defaulted interest on the Bonds.

State means the State of California.

Supplemental Indenture means any indenture duly authorized and entered into between the Authority and the Trustee, supplementing, modifying or amending the Indenture; but only if and to the extent that such Supplemental Indenture is specifically authorized thereunder.

Supplement No. 12 means that certain Supplemental Master Indenture of Trust for Obligation No. 12, dated as of December 1, 2021, between CHCC, acting as Obligated Group Representative, and

the Master Trustee, as originally executed and as amended or supplemented from time to time in accordance with the terms of the Master Indenture.

Tax Agreement means the Tax Certificate and Agreement, dated the Date of Issuance, delivered by the Authority, CHCC and FCH in connection with the Series 2021A Bonds, as the same may be amended or supplemented in accordance with its terms.

Term Bonds means Bonds payable at or before their specified maturity date or dates from Sinking Fund Installments established for that purpose and calculated to retire such Bonds on or before their specified maturity date or dates.

Trustee means The Bank of New York Mellon Trust Company, N.A., or its successor as Trustee under the provisions of the Indenture.

United States Government Obligations means noncallable direct obligations of the United States of America (including obligations issued or held in book-entry form on the books of the Department of Treasury of the United States of America) and obligations of any agency or instrumentality of the United States of America the timely payment of the principal of and interest on which are fully and unconditionally guaranteed by the United States of America.

INDENTURE

The Indenture sets forth the terms of the Bonds, the nature and extent of the security for the Bonds, various rights of the Bondholders, the rights, duties and immunities of the Trustee and the rights and obligations of the Authority.

Pledge and Assignment; Revenue Fund

Subject only to the provisions of the Indenture permitting the application thereof for the purposes and on the terms and conditions set forth therein, there are thereby pledged to secure the payment of the principal of and interest on the Bonds in accordance with their terms and the provisions of the Indenture, all of the Revenues and any other amounts (including proceeds from the sale of the Bonds) held in any fund or account established pursuant to the provisions of the Indenture (other than the Rebate Fund). Said pledge shall constitute a lien on and security interest in such assets and shall attach, be perfected and be valid and binding from and after delivery by the Trustee of the Bonds, without any physical delivery thereof or further act.

Pursuant to the provisions of the Indenture, the Authority irrevocably and absolutely transfers and assigns to the Trustee in trust, and grants to the Trustee a security interest in, all of the Revenues and other assets pledged pursuant to the provisions of the Indenture described in the preceding paragraph and all of the right, title and interest (but none of the obligations) of the Authority in the Loan Agreement (except for its Reserved Rights) and Obligation No. 12, all for the benefit of the Holders from time to time of the Bonds. The Trustee shall be entitled to and shall collect and receive all of the Revenues, and any Revenues collected or received by the Authority shall be deemed to be held, and to have been collected or received, by the Authority as the agent of the Trustee and shall forthwith be paid by the Authority to the Trustee. The Trustee also shall be entitled to and may, subject to its rights under the Indenture, take all steps, actions and proceedings reasonably necessary in its judgment to enforce all of the rights of the Authority (other than the Reserved Rights) and all of the obligations of the Borrowers under the Loan Agreement and of the Members under Obligation No. 12.

All Revenues shall be promptly deposited by the Trustee upon receipt thereof in a special fund designated as the "Revenue Fund" which the Trustee is directed to establish, maintain and hold in trust,

except as otherwise provided in the Indenture except that all moneys received by the Trustee and required by the Indenture, the Loan Agreement or Obligation No. 12 to be deposited in the Redemption Fund shall be promptly deposited in such fund. All Revenues deposited with the Trustee shall be held, disbursed, allocated and applied by the Trustee only as provided in the Indenture.

Allocation of Revenues

On or before the dates specified below, the Trustee shall transfer from the Revenue Fund and deposit into the following respective accounts (each of which the Trustee is directed to establish and maintain within the Revenue Fund) the following amounts, in the following order of priority, the requirements of each such account (including the making up of any deficiencies in any such account resulting from lack of Revenues sufficient to make any earlier required deposit) at the time of deposit to be satisfied before any transfer is made to any account subsequent in priority:

First: on or before the second Business Day next preceding each Interest Payment Date, to the Interest Account, the amount of interest becoming due and payable on such Interest Payment Date on all Bonds then Outstanding, until the balance in said account is equal to said amount of interest;

Second: to the Principal Account, on or before the second Business Day next preceding each date principal is due and payable on Serial Bonds and/or Sinking Fund Installment Date, as applicable, the amount of principal or Sinking Fund Installment, as applicable, becoming due and payable on such date, until the balance in said account is equal to said amount of such principal payment or Sinking Fund Installment, as applicable; and

Third: to the Rebate Fund, such amounts as are required to be deposited therein by the Indenture (including the Tax Agreement).

Any moneys remaining in the Revenue Fund after the foregoing transfers shall be transferred to the Borrowers as an overpayment of Loan Repayments.

Application of Interest Account

All amounts in the Interest Account shall be used and withdrawn by the Trustee solely for the purpose of paying interest on the Bonds as it shall become due and payable (including accrued interest on any Bonds purchased or redeemed prior to maturity from funds on deposit in the Principal Account or the Redemption Fund pursuant to the Indenture).

Application of Principal Account

All amounts in the Principal Account shall be used and withdrawn by the Trustee solely for the purpose of paying the principal of the Bonds when due and payable, including payment of Sinking Fund Installments, payment upon redemption and payment at maturity.

On each Sinking Fund Installment Date established pursuant to the Indenture, the Trustee shall apply the Sinking Fund Installment required on that date to the redemption (or payment at maturity, as the case may be) of Bonds for which such Sinking Fund Installment was established, upon the notice and in the manner provided in the Indenture; provided that, at any time prior to giving such notice of such redemption, the Trustee may apply moneys in the Principal Account to the purchase of such Bonds at public or private sale, as and when and at such prices (including brokerage and other charges, but excluding accrued interest, which is payable from the Interest Account) as directed in writing by the Borrowers, except that the purchase price (excluding accrued interest) shall not exceed the par amount of the Bonds so purchased. If, during the twelve-month period immediately preceding a Sinking Fund Installment Date, the Trustee has purchased Bonds with moneys in the Principal Account, or, during said

period and prior to giving said notice of redemption, the Borrowers have deposited Bonds with the Trustee (together with a Request of the Borrowers, to apply such Bonds to the Sinking Fund Installment for such Bonds due on said date), or Bonds were at any time purchased or redeemed by the Trustee from the Redemption Fund and allocable to said Sinking Fund Installment, such Bonds shall be applied, to the extent of the full principal amount thereof, to reduce said Sinking Fund Installment. All Bonds purchased or deposited as described under this caption, if any, shall be cancelled by the Trustee. Bonds purchased from the Principal Account, purchased or redeemed from the Redemption Fund, or deposited by the Borrowers with the Trustee shall be allocated first to the next succeeding Sinking Fund Installment for such Bonds, then as a credit against such future Sinking Fund Installments as the Borrowers may specify in writing (or, if the Borrowers fail to so specify, allocated as a credit against future Sinking Fund Installments in inverse order of their payment dates).

Application of the Redemption Fund

The Trustee shall establish, maintain and hold in trust a fund separate from any other fund established and maintained under the Indenture designated as the "Redemption Fund." All amounts deposited in the Redemption Fund shall be used and withdrawn by the Trustee solely for the purpose of redeeming Bonds, in the manner and upon the terms and conditions specified in the Indenture, at the next succeeding date of redemption for which notice has been given and at the Redemption Prices then applicable to redemptions from the Redemption Fund; provided that, at any time prior to giving such notice of redemption, the Trustee shall, upon direction of the Borrowers, apply such amounts to the purchase of Bonds at public or private sale, as and when and at such prices (including brokerage and other charges, but excluding accrued interest, which is payable from the Interest Account) as the Borrowers may direct, except that the purchase price (exclusive of accrued interest) may not exceed the Redemption Price then applicable to such Bonds.

Rebate Fund

The Trustee shall establish and maintain a fund separate from any other fund established and maintained under the Indenture designated as the Rebate Fund. Within the Rebate Fund, the Trustee shall maintain such accounts as shall be specified in directions provided by the Borrowers which directions shall comply with the Tax Agreement. Subject to the transfer provisions provided in the Indenture, all money at any time deposited in the Rebate Fund shall be held by the Trustee in trust, to the extent required to satisfy the Rebate Requirement, for payment to the federal government of the United States of America. Neither the Authority, the Borrowers, nor the Holder of any Bonds shall have any rights in or claim to such money. All amounts deposited into or on deposit in the Rebate Fund shall be governed by the provisions of the Indenture and by the Tax Agreement. The Trustee shall be deemed conclusively to have complied with such provisions if it follows the written directions of the Borrowers including supplying all necessary information in the manner provided in the Tax Agreement, and shall have no liability or responsibility to enforce compliance by the Borrowers or the Authority with the terms of the Tax Agreement. The Authority shall be deemed conclusively to have complied with the provisions of the Indenture described herein if it takes such action as may reasonably be requested by the Borrowers pursuant to the Tax Agreement.

Investment of Moneys in Funds and Accounts

All moneys in any of the funds and accounts established pursuant to the provisions of the Indenture shall be invested by the Trustee, upon direction of the Borrowers to the Trustee at least two Business Days in advance, solely in Investment Securities. All Investment Securities shall be acquired subject to the limitations as to maturities set forth in the Indenture and such additional limitations or requirements consistent with the Indenture as may be established by Request of the Borrowers.

Tax Covenant. The Authority shall at all times do and perform all acts and things permitted by law and the Indenture which are necessary or desirable in order to assure that interest paid on the Bonds (or any of them) will be excluded from gross income for federal income tax purposes and shall take no action that would result in such interest not being so excluded. Without limiting the generality of the foregoing, the Authority agrees to comply with the provisions of the Tax Agreement. This covenant shall survive payment in full or defeasance of the Bonds.

The covenants of the Authority are made solely in reliance on the representations and covenants of the Borrowers set forth in the Loan Agreement and the Tax Agreement and a default by the Borrowers with respect thereto shall not be considered a default of the Authority under the Indenture.

Enforcement of Loan Agreement and Obligation No. 12. The Trustee shall promptly collect all amounts due from the Borrowers pursuant to the Loan Agreement and from the Obligated Group pursuant to Obligation No. 12, shall perform all duties imposed upon it pursuant to the Loan Agreement and shall be entitled to (subject to its rights and protections under the Indenture) enforce, and take all steps, actions and proceedings reasonably necessary for the enforcement of, all of the rights of the Authority (other than Reserved Rights) and all of the obligations of the Borrowers under the Loan Agreement and the Obligated Group under Obligation No. 12.

Amendment of Loan Agreement and Master Indenture. Except as described below, the Authority shall not amend, modify or terminate any of the terms of the Loan Agreement, or consent to any such amendment, modification or termination, unless there is filed with the Trustee the written consent to such amendment, modification or termination of the Holders of a majority in principal amount of the Bonds then Outstanding, provided that no such amendment, modification or termination shall reduce the amount of Loan Repayments to be made to the Authority or the Trustee by the Borrowers pursuant to the Loan Agreement, or extend the time for making such payments, without the written consent of all of the Holders of the Bonds then Outstanding.

Notwithstanding the provisions of the Indenture described in the preceding paragraph, the terms of the Loan Agreement may also be modified or amended from time to time and at any time by the Authority without the necessity of obtaining the consent of any Bondholders only to the extent permitted by law and only for any one or more of the following purposes: (1) to add to the covenants and agreements of the Authority or the Borrowers contained in the Loan Agreement other covenants and agreements thereafter to be observed, to pledge or assign additional security for the Bonds (or any portion thereof), or to surrender any right or power therein reserved to or conferred upon the Authority or the Borrowers, provided, that, no such covenant, agreement, pledge, assignment or surrender shall materially adversely affect the interests of the Holders of the Bonds; (2) to make such provisions for the purpose of curing any ambiguity, inconsistency or omission, or of curing or correcting any defective provision, contained in the Loan Agreement, or in regard to matters or questions arising under the Loan Agreement, as the Authority may deem necessary or desirable and not inconsistent with the Loan Agreement or the Indenture, and which shall not materially adversely affect the interests of the Holders of the Bonds; or (3) to maintain the exclusion from gross income of interest payable with respect to the Bonds.

Upon Request of the Borrowers, the Trustee, as holder of Obligation No. 12, shall consent to any amendment to the Master Indenture requested by the Borrowers.

By execution of the Indenture, the Trustee acknowledges: (i) that the purchasers of the Bonds, by their purchase of the Bonds, have been deemed to consent to the amendment of the Master Indenture described above under the caption "Supplemental Master Indenture of Trust for Obligation No. 12 – Proposed Amendment of Master Indenture" and to the termination of the Deeds of Trust, and (ii) that pursuant to such deemed consent the Trustee as Holder of Obligation No. 12 by acceptance of Obligation

No. 12 has agreed to consent to amendment of the Master Indenture described above under the caption "Supplemental Master Indenture of Trust for Obligation No. 12 – Proposed Amendment of Master Indenture" when the Obligated Group Representative shall request such consent from the Trustee pursuant to the provisions of the Master Indenture described above under the caption "Master Indenture of Trust – Supplements and Amendments – Supplements Requiring Consent of Holders" and to consent to termination of the Deeds of Trust upon receipt of the request of the Borrowers.

Continuing Disclosure. Pursuant to the Loan Agreement, the Borrowers will undertake all responsibility for compliance with continuing disclosure requirements, and the Authority shall have no liability to the Holders of the Bonds or any other Person with respect to Rule 15c2-12 of the Securities and Exchange Commission ("Rule 15c2-12"). Notwithstanding any other provision of the Indenture, failure of the Borrowers or the Dissemination Agent (as defined in the Continuing Disclosure Undertaking) to comply with the Continuing Disclosure Undertaking shall not be considered an Event of Default.

Replacement of Obligation No. 12. In the event of merger or consolidation of a Member of the Obligated Group with, or the sale or conveyance of all or substantially all of the assets of a Member of the Obligated Group to, any Person that is not a Member of the Obligated Group, in lieu of complying with the provisions of the Master Indenture, or in the case of the affiliation of a Member of the Obligated Group with any other Person that is not a Member of the Obligated Group, Obligation No. 12 may be surrendered by the Trustee and delivered to the Master Trustee for cancellation upon receipt by the Trustee of the following:

(a) a Request of the Obligated Group Representative requesting such surrender and delivery and stating that the Members of the Obligated Group have become members of an obligated group, which contains entities other than the Members of the Obligated Group (referred to under the Indenture and under this caption as the "New Group"), under a master indenture (other than the Master Indenture) (referred to under the Indenture and under this caption as the "Replacement Master Indenture") and that an obligation is being issued to the Trustee under the Replacement Master Indenture;

(b) a properly executed obligation (the "Replacement Obligation") issued under the Replacement Master Indenture and registered in the name of the Trustee with the same tenor and effect as Obligation No. 12, duly authenticated by the master trustee under the Replacement Master Indenture;

(c) an Opinion of Counsel to the effect that the Replacement Obligation has been validly issued under the Replacement Master Indenture and constitutes a valid and binding obligation of the Members of the Obligated Group and each other member of the New Group, subject to customary exceptions;

(d) a copy of the Replacement Master Indenture, certified as a true and accurate copy by the master trustee under the Replacement Master Indenture;

(e) a Certificate of the Borrowers to the effect that, after giving effect to the Replacement Obligation and the termination of all Master Indenture Obligations (as such term is defined in the Master Indenture) under the original Master Indenture, the Bonds will be rated at least "A-" or the equivalent by all Rating Agencies then rating the Bonds at the request of the Borrowers;

(f) a Favorable Opinion of Bond Counsel; and

(g) a certificate of the Master Trustee to the effect that Obligation No. 12 has been cancelled and that the Members of the Obligated Group have withdrawn from or otherwise ceased to be part of the Obligated Group.

Upon satisfying the above conditions, references in the Indenture, in the Bonds and in the Tax Agreement to (i) Obligation No. 12 will become references to the Replacement Obligation, (ii) the Master Indenture will become references to the Replacement Master Indenture, (iii) the Master Trustee will become references to the master trustee under the Replacement Master Indenture, (iv) the Obligated Group and the Members of the Obligated Group will become references to the New Group and the members of the New Group under the Replacement Master Indenture and (v) Supplement No. 12 will become references to the supplemental master indenture pursuant to which the Replacement Obligation shall be issued.

For the avoidance of doubt, the Amended and Restated Master Trust Indenture shall not be deemed to be a Replacement Master Indenture.

Events of Default

Events of Default under the Indenture include: (A) default in the due and punctual payment of the principal or Redemption Price of any Bond when and as the same shall become due and payable, whether at maturity as therein expressed, by proceedings for redemption, including redemption from Sinking Fund Installments, by acceleration or otherwise; (B) default in the due and punctual payment of any installment of interest on any Bond when and as such interest installment shall become due and payable; (C) default in any material respect by the Authority in the observance of any of the other covenants, agreements or conditions on its part in the Indenture or in the Bonds contained, if such default shall have continued for a period of sixty (60) days after written notice thereof, specifying such default and requiring the same to be remedied, shall have been given to the Authority and the Borrowers by the Trustee, or to the Authority, the Borrowers and the Trustee by the Holders of not less than a majority in aggregate principal amount of the Bonds at the time Outstanding; (D) a Loan Default Event; or (E) acceleration of Obligations issued under the Master Indenture.

Upon actual knowledge of the existence of any Event of Default, the Trustee shall notify the Borrowers, the Authority and the Master Trustee in writing as soon as practicable; provided, however, that the Trustee need not provide notice of any Loan Default Event if the Borrowers have expressly acknowledged the existence of such Loan Default Event in a writing delivered to the Trustee, the Authority and the Master Trustee.

Acceleration of Maturities

Whenever any Event of Default under the Indenture described above under the caption "Indenture - Events of Default" shall have happened and be continuing, the Trustee:

(A) In the case of an Event of Default described in clauses (A), (B) or (E) above under the caption "Indenture - Events of Default," shall occur, may (1) declare the principal of all the Bonds then Outstanding, and the interest accrued thereon, to be due and payable immediately, and (2) in its capacity as the holder of Obligation No. 12, request the Master Trustee to declare the aggregate principal amount of Obligation No. 12 and the interest accrued thereon to be immediately due and payable in accordance with the provisions of the Master Indenture;

(B) In the case of an Event of Default described in clause (C) above under the caption "Indenture - Events of Default," may take whatever action at law or in equity is necessary or desirable to

enforce the performance, observance or compliance by the Authority with any covenant, condition or agreement by the Authority under the Indenture; and

(C) In the case of an Event of Default described in clause (D) above under the caption "Indenture - Events of Default," may take whatever action the Authority would be entitled to take, and may (subject to its rights and protections under the Indenture) take whatever action the Authority would be required to take, pursuant to the Loan Agreement in order to remedy the Loan Default Event.

Upon the declaration by the Trustee of the principal of all Bonds then Outstanding, and the interest accrued thereon, to be due and payable immediately, the principal of all the Bonds then Outstanding, and the interest accrued thereon, shall become and shall be immediately due and payable, anything in the Indenture to the contrary notwithstanding. Notwithstanding any other provision of the Indenture or any right, power or remedy existing at law or in equity or by statute, the Trustee's declaration that the principal of all the Bonds then Outstanding and the interest accrued thereon is immediately due and payable shall be effective only if the Trustee shall have requested that the Master Trustee declare the aggregate principal amount of Obligation No. 12 and all interest thereon to be immediately due and payable in accordance with the provisions of the Master Indenture. The Trustee shall give notice of acceleration of the Bonds by mail or Electronic Means to the Holders of the Bonds, a copy of which shall be provided to the Authority and the Borrowers.

Any such declaration, however, is subject to the condition that if, at any time after such declaration and before any judgment or decree for the payment of the moneys due shall have been obtained or entered, the Authority or the Borrowers shall deposit with the Trustee a sum sufficient to pay all the principal (including any Sinking Fund Installment) or Redemption Price of and installments of interest on the Bonds, payment of which is overdue, with interest on such overdue principal at the rate borne by the respective Bonds, and the reasonable charges and expenses of the Trustee and the Authority (including fees and expenses of their respective attorneys), and if the Trustee has received notification from the Master Trustee that the declaration of acceleration of Obligation No. 12 has been annulled pursuant to the Master Indenture and any and all other defaults known to the Trustee (other than in the payment of principal of and interest on the Bonds due and payable solely by reason of such declaration) shall have been made good or cured to the satisfaction of the Trustee or provision deemed by the Trustee to be adequate shall have been made therefor, then, and in every such case, the Trustee shall, on behalf of the Holders of all of the Bonds, rescind and annul such declaration and its consequences and waive such default; but no such rescission and annulment shall extend to or shall affect any subsequent default, or shall impair or exhaust any right or power consequent thereon.

Notice of such declaration having been given as aforesaid, anything to the contrary contained in the Indenture or in the Bonds to the contrary notwithstanding, interest shall cease to accrue on such Bonds from and after the date set forth in such notice (which shall be not more than seven (7) days from the date of such declaration).

Nothing contained in the Indenture, however, shall require the Trustee to exercise any remedies in connection with an Event of Default unless the Trustee shall have actual knowledge or shall have received written notice of such Event of Default.

Application of Revenues and Other Funds after Default

If an Event of Default shall occur and be continuing, all Revenues and any other funds then held or thereafter received by the Trustee under any of the provisions of the Indenture (subject to the provisions of the Indenture relating to disqualified Bonds and other than moneys required to be deposited in the Rebate Fund) shall be applied by the Trustee as follows and in the following order:

(1) To the payment of any expenses necessary in the opinion of the Trustee to protect the interests of the Holders of the Bonds and payment of reasonable fees and expenses of the Trustee (including reasonable fees and disbursements of its counsel) incurred in and about the performance of its powers and duties under the Indenture and then any sums due to the Authority under the Loan Agreement (other than Loan Repayments); and

(2) To the payment of the principal or Redemption Price of and interest then due on the Bonds (upon presentation of the Bonds to be paid, and stamping thereon of the payment if only partially paid, or surrender thereof if fully paid) subject to the provisions of the Indenture, as follows:

(i) Unless the principal of all of the Bonds shall have become or have been declared due and payable,

First: To the payment to the Persons entitled thereto of all installments of interest then due in the order of the maturity of such installments, and, if the amount available shall not be sufficient to pay in full any installment or installments maturing on the same date, then to the payment thereof ratably, according to the amounts due thereon, to the Persons entitled thereto, without any discrimination or preference; and

Second: To the payment to the Persons entitled thereto of the unpaid principal (including Sinking Fund Installments) or Redemption Price of any Bonds which shall have become due, whether at maturity or by call for redemption, in the order of their due dates, with interest on the overdue principal at the rate borne by the respective Bonds, and, if the amount available shall not be sufficient to pay in full all the Bonds due on any date, together with such interest, then to the payment thereof ratably, according to the amounts of principal or Redemption Price due on such date to the Persons entitled thereto, without any discrimination or preference,

(ii) If the principal of all of the Bonds shall have become or have been declared due and payable, to the payment of the principal and interest then due and unpaid upon the Bonds with interest on the overdue principal at the rate borne by the respective Bonds and, if the amount available shall not be sufficient to pay in full the whole amount so due and unpaid, then to the payment thereof ratably, without preference or priority of principal over interest, or of interest over principal, or of any installment of interest over any other installment of interest, or of any Bond over any other Bond according to the amounts due respectively for principal and interest, to the Persons entitled thereto without any discrimination or preference.

Trustee to Represent Bondholders

The Trustee is irrevocably appointed (and the successive respective Holders of the Bonds, by taking and holding the same, shall be conclusively deemed to have so appointed the Trustee) as Trustee and true and lawful attorney-in-fact of the Holders of the Bonds for the purpose of exercising and prosecuting on their behalf such rights and remedies as may be available to such Holders under the provisions of the Bonds, the Indenture, the Loan Agreement, Obligation No. 12, the Act and applicable provisions of any other law. Upon the occurrence and continuance of an Event of Default or other occasion giving rise to a right in the Trustee to represent the Bondholders, the Trustee in its discretion may, and upon the written request of the Holders of not less than a majority in aggregate principal amount of the Bonds then Outstanding and upon being indemnified to its satisfaction therefor, shall, proceed to protect or enforce its rights or the rights of such Holders by such appropriate action, suit, mandamus or other proceedings as it shall deem most effectual to protect and enforce any such right, at law or in equity, either for the specific performance of any covenant or agreement contained in the Indenture, or in aid of the execution of any power granted in the Indenture, or for the enforcement of any other appropriate legal or equitable right or remedy vested in the Trustee or in such Holders under the Indenture, the Loan Agreement, Obligation No. 12, the Act or any other law; and upon instituting such proceeding, the

Trustee shall be entitled, as a matter of right, to the appointment of a receiver of the Revenues and other amounts and assets pledged under the Indenture, pending such proceedings. All rights of action under the Indenture or the Bonds or otherwise may be prosecuted and enforced by the Trustee without the possession of any of the Bonds or the production thereof in any proceeding relating thereto, and any such suit, action or proceeding instituted by the Trustee shall be brought in the name of the Trustee for the benefit and protection of all the Holders of such Bonds, subject to the provisions of the Indenture.

Bondholders' Direction of Proceedings

The Holders of a majority in aggregate principal amount of the Bonds then Outstanding shall have the right, by an instrument or concurrent instruments in writing executed and delivered to the Trustee, and upon indemnifying the Trustee to its satisfaction therefor, to direct the method of conducting all remedial proceedings taken by the Trustee under the Indenture, provided that such direction shall not be otherwise than in accordance with law and the provisions of the Indenture, and that the Trustee shall have the right to decline to follow any such direction which in the opinion of the Trustee would be unjustly prejudicial to Bondholders not parties to such direction.

Limitation on Bondholders' Right to Sue

No Holder of any Bond shall have the right to institute any suit, action or proceeding at law or in equity, for the protection or enforcement of any right or remedy under the Indenture, the Loan Agreement, Obligation No. 12, the Act or any other applicable law with respect to such Bond, unless: (1) such Holder shall have given to the Trustee written notice of the occurrence of an Event of Default; (2) the Holders of not less than a majority in aggregate principal amount of the Bonds then Outstanding shall have made written request upon the Trustee to exercise the powers hereinbefore granted or to institute such suit, action or proceeding in its own name; (3) such Holder or said Holders shall have tendered to the Trustee indemnity satisfactory to it against the costs, expenses and liabilities to be incurred in compliance with such request; and (4) the Trustee shall have refused or omitted to comply with such request for a period of sixty (60) days after such written request shall have been received by, and said tender of indemnity shall have been made to, the Trustee.

Such notification, request, tender of indemnity and refusal or omission are declared, in every case, to be conditions precedent to the exercise by any Holder of Bonds of any remedy under the Indenture or under law; it being understood and intended that no one or more Holders of Bonds shall have any right in any manner whatever by such Holder's or Holders' action to affect, disturb or prejudice the security of the Indenture or the rights of any other Holders of Bonds, or to enforce any right under the Indenture, the Loan Agreement, Obligation No. 12, the Act or other applicable law with respect to the Bonds, except in the manner provided in the Indenture, and that all proceedings at law or in equity to enforce any such right shall be instituted, had and maintained in the manner provided in the Indenture and for the benefit and protection of all Holders of the Outstanding Bonds, subject to the provisions of the Indenture.

Absolute Obligation of Authority

Nothing in the Indenture, or in the Bonds, contained shall affect or impair the obligation of the Authority, which is absolute and unconditional, to pay the principal or Redemption Price of and interest on the Bonds to the respective Holders of the Bonds at their respective dates of maturity, or upon call for redemption, as provided in the Indenture, but only out of the Revenues and other assets pledged therefor pursuant to the Indenture, and not otherwise, or affect or impair the right of such Holders, which is also absolute and unconditional, to enforce such payment by virtue of the contract embodied in the Bonds.

Termination of Proceedings

In case any proceedings taken by the Trustee, or any one or more Bondholders on account of any Event of Default shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Trustee or the Bondholders, then in every such case the Authority, the Trustee and the Bondholders, subject to any determination in such proceedings, shall be restored to their former positions and rights under the Indenture, severally and respectively, and all rights, remedies, powers and duties of the Authority, the Trustee and the Bondholders shall continue as though no such proceedings had been taken.

Remedies Not Exclusive

No remedy in the Indenture conferred upon or reserved to the Trustee or to the Holders of the Bonds is intended to be exclusive of any other remedy or remedies, and each and every such remedy, to the extent permitted by law, shall be cumulative and in addition to any other remedy given under the Indenture or now or thereafter existing at law or in equity or otherwise.

No Waiver of Default

No delay or omission of the Trustee or of any Holder of the Bonds to exercise any right or power arising upon the occurrence of any default shall impair any such right or power or shall be construed to be a waiver of any such default or an acquiescence therein; and every power and remedy given by the Indenture to the Trustee or to the Holders of the Bonds may be exercised from time to time and as often as may be deemed expedient.

No Obligation of Authority to Enforce Assigned Rights

Notwithstanding anything to the contrary in the Indenture, the Authority shall have no obligation to and instead the Trustee may, without further direction from the Authority, take any and all steps, actions and proceedings, to enforce any or all rights of the Authority (other than Reserved Rights) under the Indenture or the Loan Agreement, including, without limitation, the rights to enforce the remedies upon the occurrence and continuation of an Event of Default and the obligations of the Borrowers under the Loan Agreement and the Members under Obligation No. 12.

Amendment of the Indenture

Amendments Permitted. (A) The Indenture and the rights and obligations of the Authority and of the Holders of the Bonds and of the Trustee may be modified or amended from time to time and at any time by an indenture or indentures supplemental thereto, which the Authority and the Trustee may enter into when the written consent of the Borrowers and the Holders of a majority in aggregate principal amount of the Bonds then Outstanding shall have been filed with the Trustee. No such modification or amendment shall (1) extend the stated maturity of any Bond, or reduce the amount of principal thereof or any Sinking Fund Installment provided therefor, or extend the time of payment or change the method of computing the rate of interest thereon, or extend the time of payment of interest thereon, without the consent of the Holder of each Bond so affected, or (2) reduce the percentage of Bonds, the consent of the Holders of which is required to effect any such modification or amendment, or permit the creation of any lien on the Revenues and other assets pledged under the Indenture prior to or on a parity with the lien created by the Indenture, or deprive the Holders of the Bonds of the lien created by the Indenture on such Revenues and other assets (except as expressly provided in the Indenture), without the consent of the Holders of all Bonds then Outstanding. It shall not be necessary for the consent of the Holders to approve the particular form of any Supplemental Indenture, but it shall be sufficient if such consent shall approve the substance thereof. Promptly after the execution by the Authority and the Trustee of any Supplemental Indenture pursuant to the provisions of the Indenture described in this subsection (A), the Trustee shall mail a notice, setting forth in general terms the substance of such Supplemental Indenture to the Holders

at the addresses shown on the registration books maintained by the Trustee. Any failure to give such notice, or any defect therein, shall not, however, in any way impair or affect the validity of any such Supplemental Indenture.

(B) The Indenture and the rights and obligations of the Authority, of the Trustee and of the Holders of the Bonds may also be modified or amended from time to time and at any time by an indenture or indentures supplemental hereto, which the Authority and the Trustee may enter into with the written consent of the Borrowers, but without the necessity of obtaining the consent of any Holders, only to the extent permitted by law and only for any one or more of the following purposes:

(1) to add to the covenants and agreements of the Authority contained in the Indenture other covenants and agreements thereafter to be observed, to pledge or assign additional security for the Bonds (or any portion thereof), or to surrender any right or power therein reserved to or conferred upon the Authority, provided, that no such covenant, agreement, pledge, assignment or surrender shall materially adversely affect the interests of the Holders of the Bonds;

(2) to make such provisions for the purpose of curing any ambiguity, inconsistency or omission, or of curing or correcting any defective provision, contained in the Indenture, or in regard to matters or questions arising under the Indenture, as the Authority, the Trustee or the Borrowers may deem necessary or desirable and not inconsistent with the Indenture, and which shall not materially adversely affect the interests of the Holders of the Bonds;

(3) to modify, amend or supplement the Indenture in such manner as to permit the qualification thereof under the Trust Indenture Act of 1939, as amended, or any similar federal statute hereafter in effect, and to add such other terms, conditions and provisions as may be permitted by said act or similar federal statute, and which shall not materially adversely affect the interests of the Holders of the Bonds;

(4) to facilitate and implement any book entry system (or any termination of a book entry system) with respect to the Bonds; or

(5) to maintain the exclusion from gross income of interest payable with respect to the Bonds.

(C) The Trustee may in its discretion, but shall not be obligated to, enter into any such Supplemental Indenture authorized by the provisions of the Indenture described under subsections (A) or (B) above which materially adversely affects the Trustee's own rights, duties or immunities under the Indenture or otherwise.

(D) In executing, or accepting the additional trusts created by, any Supplemental Indenture permitted by the Indenture or the modification thereby of the trusts created by the Indenture, the Authority and the Trustee shall receive, and shall be fully protected in relying upon, an opinion of Bond Counsel addressed and delivered to the Authority and the Trustee stating that the execution of such Supplemental Indenture is permitted by and in compliance with the Indenture, and that the execution and delivery thereof will not in and of itself adversely affect the exclusion from federal gross income of interest on the Bonds.

Discharge of Bonds and Indenture. The Bonds may be paid by the Authority or the Trustee on behalf of the Authority in any of the following ways: (a) by paying or causing to be paid the principal or Redemption Price of and interest on all Bonds Outstanding, as and when the same become due and payable; (b) by depositing with the Trustee, in trust, at or before maturity, moneys or securities in the

necessary amount (as provided pursuant to the provisions of the Indenture described below under the caption "Indenture –- Deposit of Money or Securities with Trustee") to pay when due or redeem all Bonds then Outstanding; or (c) by delivering to the Trustee, for cancellation by it, all Bonds then Outstanding.

Discharge of Liability on Bonds. Upon the deposit with the Trustee, in trust, at or before maturity, of money or securities in the necessary amount to pay or redeem any Outstanding Bond (whether upon or prior to its maturity or the redemption date of such Bond), provided that, if any Bond is to be redeemed prior to maturity, notice of such redemption shall have been given as provided pursuant to the provisions of the Indenture or provision satisfactory to the Trustee shall have been made for the giving of such notice, then all liability of the Authority in respect of such Bond shall cease, terminate and be completely discharged, except only that thereafter the Holder thereof shall be entitled to payment of the principal of and interest on such Bond by the Authority, and the Authority shall remain liable for such payments, but only out of such money or securities deposited with the Trustee as aforesaid for their payment, subject, however, to the provisions of the Indenture described below under the caption "Indenture –- Amendment of the Indenture - Payment of Bonds After Discharge of Indenture."

Deposit of Money or Securities with Trustee. Whenever in the Indenture it is provided or permitted that there be deposited with or held in trust by the Trustee money or securities in the necessary amount to pay or redeem any Bonds, the money or securities to be so deposited or held may include money or securities held by the Trustee in the funds and accounts established pursuant to the provisions of the Indenture (other than the Rebate Fund) and shall be:

(a) lawful money of the United States of America, in an amount equal to the principal amount of such Bonds and all unpaid interest thereon to maturity, except that, in the case of Bonds which are to be redeemed prior to maturity and in respect of which notice of such redemption shall have been given as provided in the Indenture or provision satisfactory to the Trustee shall have been made for the giving of such notice, the amount to be deposited or held shall be the principal amount or Redemption Price of such Bonds and all unpaid interest thereon to the redemption date; or

(b) United States Government Obligations (not callable by the issuer thereof prior to maturity), the principal of and interest on which when due will provide money sufficient to pay the principal or Redemption Price of and all unpaid interest to maturity, or to the redemption date, as the case may be, on the Bonds to be paid or redeemed, as such principal or Redemption Price and interest become due; provided that, in the case of Bonds which are to be redeemed prior to the maturity thereof, notice of such redemption shall have been given as provided in the Indenture or provision satisfactory to the Trustee shall have been made for the giving of such notice; provided, in each case, that the Trustee shall have been irrevocably instructed (by the terms of the Indenture or by Request of the Authority) to apply such money to the payment of such principal or Redemption Price and interest with respect to such Bonds, and provided further, that with respect to the deposit of United States Government Obligations pursuant to the provisions of the Indenture described in this subsection (b), the Trustee shall have received (i) a verification report from an independent Accountant acceptable in form and substance to the Trustee to the effect that the amount deposited is sufficient to make the payments specified therein and (ii) an opinion of nationally recognized bond counsel addressed to the Authority and the Trustee to the effect that the Bonds are no longer Outstanding under the Indenture.

Payment of Bonds After Discharge of Indenture. Notwithstanding any provisions of the Indenture to the contrary, any moneys held by the Trustee in trust for the payment of the principal of, or interest on, any Bonds and remaining unclaimed for two (2) years (or, if shorter, one day before such moneys would escheat to the State of California under then applicable California law) after such principal or interest, as the case may be, has become due and payable (whether at maturity or upon call for

redemption or by acceleration as provided in the Indenture), if such moneys were so held at such date, or two (2) years (or, if shorter, one day before such moneys would escheat to the State of California under then applicable California law) after the date of deposit of such moneys if deposited after said date when all of the Bonds became due and payable, shall be repaid to the Borrowers free from the trusts created by the Indenture upon receipt of an indemnification agreement acceptable to the Authority and the Trustee indemnifying the Authority and the Trustee with respect to claims of Holders of Bonds which have not yet been paid and containing the agreement of the Borrowers to remain liable for the amount so repaid to the Borrowers, and all liability of the Authority and the Trustee with respect to such moneys shall thereupon cease; provided, however, that before the repayment of such moneys to the Borrowers as aforesaid, the Trustee may (at the cost of the Borrowers) first mail to the Holders of Bonds which have not yet been paid, at the addresses shown on the registration books maintained by the Trustee, a notice, in such form as may be deemed appropriate by the Trustee with respect to the Bonds so payable and not presented and with respect to the provisions relating to the repayment to the Borrowers of the moneys held for the payment thereof.

LOAN AGREEMENT

The Loan Agreement provides the terms of the loan of the proceeds of the Bonds to the Borrowers and the repayment of and security for the loan provided by the Borrowers.

Issuance of Obligation No. 12

In consideration of the issuance of the Bonds by the Authority and the application of the proceeds thereof as provided in the Indenture, the Borrowers agree to issue, or cause to be issued, and to cause to be authenticated and delivered to the Authority or its designee, pursuant to the Master Indenture and Supplement No. 12, concurrently with the issuance and delivery of the Bonds, Obligation No. 12 in substantially the form set forth in Supplement No. 12. The Authority agrees that Obligation No. 12 shall be registered in the name of the Trustee. Issuance and delivery of the Bonds by the Authority shall be a condition to the issuance and delivery of Obligation No. 12.

Payment of Loan

Loan Repayments. Pursuant to the Indenture, the Authority has authorized the issuance of the Bonds and pursuant to the Loan Agreement loans and advances to the Borrowers, and the Borrowers borrow and accept from the Authority (solely from the proceeds of the sale of such Bonds), the proceeds of the Bonds to be applied under the terms and conditions of the Loan Agreement and the Indenture. In consideration of the loan to the Borrowers of such proceeds, the Borrowers agree to pay, or cause to be paid, "Loan Repayments" as follows (i) on or before the second Business Day prior to an Interest Payment Date, the full amount of the interest becoming due and payable on such Interest Payment Date on all Bonds then Outstanding (less any amounts on deposit in the Interest Account available for the payment of such interest) and (ii) on or before the second Business Day prior to the day when principal is due and payable (at maturity, upon redemption or upon acceleration of the Bonds), the aggregate amount of principal becoming due and payable on the Outstanding Bonds (less any amounts on deposit in the Principal Account and available for the payment of such principal). Each Loan Repayment shall be made in immediately available funds. Notwithstanding the foregoing, the Borrowers agree to make payments, or cause payments to be made, at the times and in the amounts required to be paid as principal or Redemption Price of and interest on the Bonds from time to time Outstanding under the Indenture and other amounts required to be paid under the Indenture, as the same shall become due whether at maturity, upon redemption, by declaration of acceleration or otherwise.

Except as otherwise expressly provided in the Loan Agreement, all amounts payable under the Loan Agreement by the Borrowers to the Authority shall be paid to the Trustee as assignee of the

Authority and the Loan Agreement and all right, title and interest of the Authority in any such payments are thereby assigned and pledged to the Trustee so long as any Bonds remain Outstanding.

Except as otherwise expressly provided in the Loan Agreement, all amounts payable with respect to Obligation No. 12 shall be paid to the Trustee as assignee of the Authority and the Loan Agreement and all right, title and interest of the Authority in any such payments are thereby assigned and pledged to the Trustee so long as any Bonds remain Outstanding.

Additional Payments. In addition to the Loan Repayments and payments on Obligation No. 12, the Borrowers shall also pay to the Authority, to the Trustee or to the other applicable party, as the case may be, "Additional Payments," as follows:

(a) All taxes and assessments of any type or character charged to the Authority or to the Trustee affecting the amount available to the Authority or the Trustee from payments to be received under the Loan Agreement or in any way arising due to the transactions contemplated thereby (including taxes and assessments assessed or levied by any public agency or governmental authority of whatsoever character having power to levy taxes or assessments) but excluding franchise taxes based upon the capital and/or income of the Trustee and taxes based upon or measured by the net income of the Trustee; provided, however, that the Borrowers shall have the right to protest any such taxes or assessments and to require the Authority or the Trustee, at the Borrowers' expense, to protest and contest any such taxes or assessments levied upon them and that the Borrowers shall have the right to withhold payment of any such taxes or assessments pending disposition of any such protest or contest unless such withholding, protest or contest would adversely affect the rights or interests of the Authority or the Trustee;

(b) All reasonable fees, charges and expenses of the Trustee for services rendered under the Indenture or otherwise in connection with the Bonds and all amounts referred to in the provisions of the Indenture providing for indemnification of the Trustee, as and when the same become due and payable;

(c) The reasonable fees and expenses of such accountants, consultants, attorneys and other experts as may be engaged by the Authority or the Trustee to prepare audits, financial statements, reports, opinions or provide such other services required under the Loan Agreement, the other Financing Documents, the Master Indenture, the Bonds or the Indenture;

(d) The Authority Issuance Fee, the Authority Annual Fee and the reasonable fees and expenses of the Authority or any agent or attorney selected by the Authority to act on its behalf in connection with the Financing Documents, the Master Indenture, the Bonds or the Indenture, including, without limitation, any and all reasonable expenses incurred in connection with the authorization, issuance, sale and delivery of any such Bonds or in connection with any litigation, investigation or other proceeding which may at any time be instituted involving the Loan Agreement, the other Financing Documents, the Master Indenture, the Bonds or the Indenture or any of the other documents contemplated thereby, or in connection with the reasonable supervision or inspection of the Borrowers, their properties, assets or operations or otherwise in connection with the administration of the Financing Documents;

(e) Any amounts due and payable by the Borrowers as arbitrage rebate under Section 148 of the Code, pursuant to Borrowers' covenants and agreements with respect thereto in the Loan Agreement and the Tax Agreement; and

(f) All amounts required to be paid pursuant to the Loan Agreement.

Obligations of the Borrowers Unconditional; Net Contract. The obligations of the Borrowers to make the Loan Repayments, Additional Payments required and other payments under the Loan

Agreement and pursuant to Obligation No. 12 and to perform and observe the other agreements on their part contained in the Loan Agreement shall be absolute and unconditional, and shall not be abated, rebated, setoff, reduced, abrogated, terminated, waived, diminished, postponed or otherwise modified in any manner or to any extent whatsoever, while any Bonds remain Outstanding or any Additional Payments or other payments remain unpaid, regardless of any contingency, event or cause whatsoever, including, without limiting the generality of the foregoing, any natural disaster, acts or circumstances that may constitute failure of consideration, eviction or constructive eviction, the taking by eminent domain or destruction of or damage to the Facilities, commercial frustration of purpose, any changes in the laws of the United States of America or of the State of California or any political subdivision of either or in the rules or regulations of any governmental authority, or any failure of the Authority or the Trustee to perform and observe any agreement, whether express or implied, or any duty, liability or obligation arising out of or connected with the Loan Agreement or the Indenture. The Loan Agreement shall be deemed and construed to be a "net contract," and the Borrowers shall pay absolutely net the Loan Repayments, Additional Payments and all other payments required under the Loan Agreement, regardless of any rights of setoff, recoupment, abatement or counterclaim that the Borrowers might otherwise have against the Authority or the Trustee or any other party or parties.

Prepayment. The Borrowers shall have the right at any time or from time to time to prepay all or any part of the Loan Repayments and the Authority agrees that the Trustee shall accept such prepayments when the same are tendered by the Borrowers, and the Trustee shall call for redemption of Bonds as directed by the Borrowers. All such prepayments shall be deposited upon receipt as directed by the Borrowers (i) in the Principal Account, (ii) in the Redemption Fund if the Bonds are to be redeemed pursuant to the provisions of the Indenture or (iii) in such other escrow account as may be specified by the Borrowers and, at the request of and as determined by the Borrowers, credited against payments due thereunder or used for the redemption or purchase or defeasance of Outstanding Bonds in the manner and subject to the terms and conditions set forth in the Indenture. The Borrowers shall also have the right to surrender Bonds acquired by it in any manner whatsoever to the Trustee for cancellation, and such Bonds, upon such surrender and cancellation, shall be deemed to be paid and retired and allocated as set forth in a Request of the Borrowers.

Continuing Disclosure

The Borrowers covenant and agree to comply with the continuing disclosure requirements promulgated under Rule 15c2-12 of the Securities and Exchange Commission ("Rule 15c2-12"), as it may from time to time hereafter be amended or supplemented. Notwithstanding any other provision of the Loan Agreement, failure of the Borrowers to comply with the requirements of Rule 15c2-12 shall not be considered a Loan Default Event.

Loan Default Events and Remedies

Loan Default Events. The following events shall be "Loan Default Events:"

(a) Failure by the Borrowers to make the Loan Repayments in the amounts and at the times provided in the Loan Agreement or any other payment required under Obligation No. 12 when due and payable;

(b) Acceleration of the Obligations;

(c) Failure by the Borrowers to observe and perform any other covenant, condition or agreement on its part to be observed or performed in the Loan Agreement for a period of sixty (60) days after written notice, specifying such failure and requesting that it be remedied, shall have been given to the Borrowers by the Authority or the Trustee; provided, however, that if the failure is such that it can be

corrected but not within such 60-day period, and corrective action is instituted by the Borrowers within such period and diligently pursued until such failure is corrected, then such period shall be increased to such extent as shall be determined by the Trustee to be necessary to enable the Borrowers to observe or perform such covenant, condition, undertaking or agreement through the exercise of due diligence;

(d) Any representation or warranty made by the Borrowers in any document delivered by the Borrowers to the Trustee or the Authority in connection with the sale and delivery of the Bonds proves to be untrue when made in any material respect;

(e) Occurrence of an Event of Default under the Indenture;

(f) Occurrence of an Event of Default under the Master Indenture; or

(g) Either of the Borrowers (i) shall make a general assignment for the benefit of creditors, (ii) shall institute any proceeding or voluntary case (A) seeking to adjudicate it a bankrupt or insolvent or (B) seeking liquidation, winding up, reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy, insolvency or reorganization or relief or protection of debtors or (C) seeking the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its property, (iii) shall take any action to authorize any of the actions set forth in the Indenture described above in this subsection (g), or (iv) shall have instituted against it any proceeding (A) seeking to adjudicate it a bankrupt or insolvent or (B) seeking liquidation, winding up, reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy, insolvency or reorganization or relief or protection of debtors or (C) seeking the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its property, and, if such proceeding is being contested by such Borrower in good faith, such proceeding shall remain undismissed or unstayed for a period of sixty (60) days.

Upon having actual notice of the existence of a Loan Default Event, the Trustee shall give written notice thereof to the Borrowers unless the Borrowers have expressly acknowledged the existence of such Loan Default Event in a writing delivered by the Borrower to the Trustee or filed by such Borrower in any court.

Remedies on Default. If a Loan Default Event shall occur, then, and in each and every such case during the continuance of such Loan Default Event, the Trustee on behalf of the Authority, subject to the limitations in the Indenture as to the enforcement of remedies, may take such action as it deems necessary or appropriate to collect amounts due under the Loan Agreement, to enforce performance and observance of any obligation or agreement of the Borrowers under the Loan Agreement or to protect the interests securing the same, and may, without limiting the generality of the foregoing:

(a) Exercise any or all rights and remedies given or available under the Loan Agreement or given by or available under Obligation No. 12 or the Master Indenture);

(b) By written notice to the Borrowers, declare an amount equal to all amounts then due and payable on the Bonds, whether by acceleration of maturity or otherwise, to be immediately due and payable under the Loan Agreement, whereupon the same shall become immediately due and payable; and

(c) Take any action at law or in equity to collect the payment required under the Loan Agreement then due, whether on the stated due date or by declaration of acceleration or otherwise, for damages or for specific performance or otherwise to enforce performance and observance of any obligation, agreement or covenant of the Borrowers under the Loan Agreement.

Notwithstanding any right, power or other remedy permitted under the Loan Agreement, if the Trustee shall have declared the principal of all the Bonds then Outstanding and the interest accrued thereon to be due and payable immediately pursuant to the provisions of the Indenture, then the Trustee, on behalf of the Authority, shall declare all Loan Repayments and Additional Payments to be immediately due and payable and, in its capacity as the holder of Obligation No. 12, shall request the Master Trustee to declare the aggregate principal amount of Obligation No. 12 and the interest accrued thereon to be immediately due and payable in accordance with the Master Indenture.

Notwithstanding any other provision of the Loan Agreement or any right, power or remedy existing at law or in equity or by statute, the Trustee's declaration that the entire unpaid aggregate amount due under the Loan Agreement is immediately due and payable shall be effective only if the Trustee shall have requested that the Master Trustee declare the aggregate principal amount of Obligation No. 12 and all interest thereon to be immediately due and payable in accordance with the Master Indenture.

Remedies Not Exclusive; No Waiver of Rights. No remedy conferred upon or reserved to the Authority or the Trustee by the Loan Agreement is intended to be exclusive of any other available remedy or remedies, but each and every such remedy, to the extent permitted by law, shall be cumulative and shall be in addition to every other remedy given under the Loan Agreement or now or thereafter existing at law or in equity or otherwise. In order to entitle the Authority or the Trustee to exercise any remedy, to the extent permitted by law, reserved to it contained in the Loan Agreement, it shall not be necessary to give any notice, other than such notice as may be therein expressly required. Such rights and remedies as are given to the Authority thereunder shall also extend to the Trustee, and the Trustee may exercise any rights of the Authority under the Loan Agreement, and the Trustee and the Holders of the Bonds shall be deemed third-party beneficiaries of all covenants and conditions contained in the Loan Agreement.

No delay in exercising or omitting to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default or an acquiescence therein, and every such right and power may be exercised from time to time and as often as may be deemed expedient.

Application of Moneys Collected. Any amounts collected pursuant to action taken under the provisions of the Loan Agreement relating to the Events of Default shall be applied in accordance with the provisions of the Indenture, and to the extent applied to the payment of amounts due on the Bonds, shall be credited against amounts due on Obligation No. 12.

Amendment of Loan Agreement. The Loan Agreement may not be effectively amended, changed, modified, altered or terminated except by the written agreement of the Borrowers and the Authority and the concurring written consent of the Trustee, given in accordance with the provisions of the Indenture.

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APPENDIX C-3

SUMMARY OF THE SERIES 2021B INDENTURE AND THE SERIES 2021B LOAN AGREEMENT

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APPENDIX C-3

SUMMARY OF SERIES 2021B INDENTURE AND SERIES 2021B LOAN AGREEMENT

The following is a summary of certain provisions of the Indenture relating to the Series 2021B Bonds, dated as of December 1, 2021 (the "Indenture"), between California Municipal Finance Authority (the "Authority") and The Bank of New York Mellon Trust Company, N.A. ("BNY") as Trustee, and the Loan Agreement, dated as of December 1, 2021 (the "Loan Agreement"), among the Authority, Community Hospitals of Central California ("CHCC") and Fresno Community Hospital and Medical Center (d/b/a Community Health System) ("FCH"). This summary does not purport to be comprehensive or definitive, is supplemental to the summary of other provisions of such documents which are described elsewhere in this Official Statement and is qualified in its entirety by reference to the full terms of the Master Indenture of Trust, Supplement No. 13, the Indenture and the Loan Agreement. For the purposes of this Appendix C-3, references to the "Bonds" or a "Bond" shall mean the Series 2021B Bonds or a Series 2021B Bond, as applicable. All capitalized terms not defined in this Official Statement have the meanings set forth in the Indenture or, if not set forth in the Indenture, in the Master Indenture of Trust.

DEFINITIONS OF CERTAIN TERMS

Accountant means any firm of independent certified public accountants selected by CHCC.

Act means the Joint Exercise of Powers Act, comprising Articles 1, 2, 3 and 4 of Chapter 5 of Division 7 of Title 1 (commencing with Section 6500) of the Government Code of the State.

Additional Payments means the payments so designated and required to be made by the Borrowers pursuant to the provisions of the Loan Agreement.

Administrative Fees and Expenses means any application, commitment, financing or similar fee charged or reimbursement for administrative or other expenses incurred by the Authority or the Trustee, including Additional Payments.

Amended and Restated Master Trust Indenture means that certain Master Trust Indenture (Amended and Restated), a copy of which is attached to Supplemental Master Indenture of Trust No. 11, dated as of December 1, 2021, among CHCC, FCH and the Master Trustee.

Authority means the California Municipal Finance Authority or its successors and assigns, a joint exercise of powers authority formed by a Joint Exercise of Powers Agreement, dated as of January 1, 2004, by and among certain California cities, counties and special districts, as amended from time to time pursuant to the provisions of the Act.

Authority Representative means with respect to the Authority, any member of the Board of Directors of the Authority, the Executive Director of the Authority or any other person designated as an Authority Representative by a certificate signed by a member of the Board of Directors of the Authority and filed with the Trustee.

Authorized Representative means (1) with respect to the Authority, an Authority Representative, and (2) with respect to the Borrowers, the chair of the governing body of CHCC, the chief executive officer of CHCC, the chief operating officer of CHCC, the chief financial officer of CHCC or any other person designated as an Authorized Representative by a Certificate signed by one of the above parties and filed with the Trustee.

Beneficial Owner means any Person which has or shares the power, directly or indirectly, to make investment decisions concerning ownership of any of the Bonds (including any Person holding Bonds through nominees, depositories or other intermediaries).

Bond Counsel means any attorney at law or firm of attorneys of nationally recognized standing in matters pertaining to the federal tax exemption of interest on bonds issued by states and political subdivisions, and duly admitted to practice law before the highest court of any state of the United States of America, but shall not include counsel for the Borrowers.

Bondholder, whenever used herein with respect to a Bond, means the Person in whose name such Bond is registered.

Bonds means the California Municipal Finance Authority Revenue Bonds (Community Health System), Series 2021B (Federally Taxable) authorized by, and at any time Outstanding pursuant to, the Indenture.

Borrower means, as applicable, CHCC or FCH or any entity which is the surviving, resulting or transferee entity of such corporation in any merger, consolidation or transfer of assets permitted under the Master Indenture.

Borrowers means CHCC and FCH.

Business Day means any day other than a Saturday, Sunday, a day on which The New York Stock Exchange is closed or a day on which banks located in (a) the State of California or the State of New York or (b) the city or cities in which the Corporate Trust Office is located are authorized or required to remain closed, or a day on which the Trustee or a Calculation Agent (other than the Trustee), as applicable, is required, or authorized or not prohibited, by law (including without limitation, executive orders) to close and is closed.

Calculation Agent means an independent accounting firm, investment banking firm or financial advisor retained by the Borrowers at the Borrowers' expense.

Certificate, Statement, Request and Requisition of the Authority or the Borrowers mean, respectively, a written certificate, statement, request or requisition signed in the name of the Authority by an Authority Representative or in the name of the Borrowers by an Authorized Representative of the Borrowers.

CHCC means Community Hospitals of Central California, a nonprofit public benefit corporation duly organized and existing under the laws of the State or any entity which is the surviving, resulting or transferee entity in any merger, consolidation or transfer of assets permitted under the Master Indenture.

Code means the Internal Revenue Code of 1986, or any successor statute thereto and any regulations promulgated thereunder.

Continuing Disclosure Undertaking means, that certain Continuing Disclosure Agreement, dated the Date of Issuance, executed by the Borrowers and The Bank of New York Mellon Trust Company, N.A., as trustee and dissemination agent, as originally executed, and as it may be amended from time to time in accordance with its terms.

Corporate Trust Office means the corporate trust office of the Trustee located at 333 S. Hope Street, Suite 2525, Los Angeles, California 90071, Attention: Corporate Trust, or such other or additional

offices as may be designated by the Trustee from time to time in a writing delivered to the Borrowers, except that with respect to presentation of Bonds for payment or for registration of transfer and exchange such term means shall mean the office or agency of the Trustee at which, at any particular time, its corporate trust agency business shall be conducted.

Costs of Issuance means all items of expense directly or indirectly payable by or reimbursable to the Authority or the Borrowers and related to the authorization, issuance, sale and delivery of the Bonds, including but not limited to advertising and printing costs, costs of preparation and reproduction of documents, filing and recording fees, initial fees and charges of the Trustee and the Master Trustee, initial and ongoing fees and charges of the Authority, legal fees and charges, bond insurance premium, fees and disbursements of consultants and professionals, Rating Agency fees, fees and charges for preparation, execution, transportation and safekeeping of the Bonds and any other cost, charge or fee in connection with the original issuance of the Bonds.

Costs of Issuance Fund means the fund by that name established pursuant to the provisions of the Indenture to pay costs of issuance of the Bonds.

Deeds of Trust means the Deed of Trust with Assignment of Leases and Rents, Fixture Filing and Security Agreement, dated as of October 1, 2009, executed and delivered by CHCC and the Deed of Trust with Assignment of Leases and Rents, Fixture Filing and Security Agreement, dated as of October 1, 2009, executed and delivered by FCH.

Effective Date means date specified in an Officer's Certificate (as defined in the Master Indenture) delivered by or on behalf of the Obligated Group to the Master Trustee, certifying that the conditions required by the Master Indenture have been satisfied, to the effect that the Amended and Restated Master Trust Indenture is a valid and binding obligation of each Obligated Group Member enforceable in accordance with its terms except as enforcement may be limited by customary exceptions for bankruptcy, insolvency and other laws generally affecting enforcement of creditors' rights and application of general principles of equity.

Electronic Means means telecopy, facsimile transmission, e-mail transmission or other similar electronic means of communication providing evidence of transmission, including a telephonic communication confirmed by any other method set forth in this definition.

Environmental Regulation means any federal, state or local law, statute, code, ordinance, regulation, requirement or rule relating to dangerous, toxic or hazardous pollutants, Hazardous Substances, chemical waste, materials or substances.

Event of Default means any of the events of default specified in the Indenture.

Facilities means the health care facilities comprising the Project owned and operated by a Member of the Obligated Group.

FCH means Fresno Community Hospital and Medical Center (d/b/a Community Health System), a nonprofit public benefit corporation duly organized and existing under the laws of the State or any entity which is the surviving, resulting or transferee entity in any merger, consolidation or transfer of assets permitted under the Master Indenture.

Financing Documents means the Loan Agreement, Supplement No. 13 and Obligation No. 13.

Hazardous Substances means: (a) any oil, flammable substance, explosives, radioactive materials, hazardous wastes or substances, toxic wastes or substances or any other wastes, materials or pollutants which (i) pose a hazard to the Facilities or to persons on or about the Facilities or (ii) cause the Facilities to be in violation of any Environmental Regulation; (b) asbestos in any form which is or could become friable, urea formaldehyde foam insulation, transformers or other equipment which contain dielectric fluid containing levels of polychlorinated biphenyls, or radon gas; (c) any chemical, material or substance defined as or included in the definition of "waste," "hazardous substances," "hazardous wastes," "hazardous materials," extremely hazardous waste," "restricted hazardous waste," or "toxic substances" or words of similar import under any Environmental Regulation, including, but not limited to, the Comprehensive Environmental Response, Compensation and Liability Act ("CERCLA"), 42 USC §§ 9601 et seq.; the Resource Conservation and Recovery Act ("RCRA"), 42 USC §§ 6901 et seq.; the Hazardous Materials Transportation Act, 49 USC §§ 1801 et seq.; the Federal Water Pollution Control Act, 33 USC §§ 1251 et seq.; the California Hazardous Waste Control Law ("HWCL"), Cal. Health & Safety §§ 25100 et seq.; the Hazardous Substance Account Act ("HSAA"), Cal. Health & Safety Code §§ 25300 et seq.; the Underground Storage of Hazardous Substances Act, Cal. Health & Safety §§ 25280 et seq.; the Porter-Cologne Water Quality Control Act (the "Porter-Cologne Act"), Cal. Water Code §§ 13000 et seq., the Safe Drinking Water and Toxic Enforcement Act of 1986 (Proposition 65); and Title 22 of the California Code of Regulations, Division 4, Chapter 30; (d) any other chemical, material or substance, exposure to which is prohibited, limited or regulated by any governmental authority or agency or may or could pose a hazard to the health and safety of the occupants of the Facilities or the owners and/or occupants of property adjacent to or surrounding the Facilities, or any other person coming upon the Facilities or adjacent property; or (e) any other chemical, materials or substance which may or could pose a hazard to the environment.

Holder, whenever used herein with respect to a Bond, means the Person in whose name such Bond is registered.

Indenture means the Indenture, dated as of December 1, 2021, related to the Series 2021B Bonds, between the Authority and the Trustee, as originally executed and as it may from time to time be supplemented, modified or amended by any Supplemental Indenture.

Insurance Policy means the insurance policy issued by the Insurer guaranteeing the scheduled payment of principal of and interest on the Bonds when due.

Insurer means Assured Guaranty Municipal Corp., a New York stock insurance company, or any successor thereto or assignee thereof.

Insurer Reimbursement Amounts has the meaning set forth in the Loan Agreement.

Interest Account means the account by that name in the Revenue Fund established pursuant to the provisions of the Indenture.

Interest Payment Date means each August 1 and February 1, commencing February 1, 2022.

Investment Securities means any of the following:

(a) United States Government Obligations;

(b) Obligations of any of the following federal agencies which obligations represent the full faith and credit of the United States of America (including stripped securities if the agency has stripped them itself):

(i) U.S. Export-Import Bank (Eximbank Direct obligations or fully guaranteed certificates of beneficial ownership);

(ii) Farmers Home Administration;

(iii) Federal Financing Bank;

(iv) Federal Housing Administration Debentures;

(v) General Services Administration;

(vi) Government National Mortgage Association ("GNMA") (including guaranteed mortgage-backed bonds and guaranteed pass-through obligations);

(vii) U.S. Maritime Administration (guaranteed Title XI financing); and

(viii) U.S. Department of Housing and Urban Development (including project notes, local authority bonds, new communities debentures, U.S. government guaranteed debentures, U.S. Public Housing Notes and Bonds and U.S. government guaranteed public housing notes and bonds;

(c) Debentures, bonds, notes or other evidence of indebtedness issued or guaranteed by any of the following U.S. government agencies which obligations are not fully guaranteed by the full faith and credit of the United States of America (including stripped securities if the agency has stripped them itself):

(i) Federal Home Loan Bank System (senior debt obligations);

(ii) Resolution Funding Corporation (REFCORP) obligations;

(iii) Federal Home Loan Mortgage Corporation (FHLMC or "Freddie Mac") senior debt obligations or participation certificates;

(iv) Federal National Mortgage Association (FNMA or "Fannie Mae") mortgage-backed securities and senior debt obligations; and

(v) Farm Credit System – consolidated systemwide bonds and notes.

(d) Money market funds registered under the Federal Investment Company Act of 1940, whose shares are registered under the Federal Securities Act of 1933, and having a rating by S&P of AAAm-G; AAA-m; or AA-m and, if rated by Moody's, rated Aaa, Aa1 or Aa2, including such funds for which the Trustee, its affiliates or subsidiaries provide investment advisory or other management services or for which the Trustee or an affiliate of the Trustee serves as investment administrator, shareholder servicing agent, and/or custodian or subcustodian, notwithstanding that (i) the Trustee or an affiliate of the Trustee receives and retains a fee for services provided to the fund, (ii) the Trustee collects fees for services rendered pursuant to the Indenture, which fees are separate from the fees received from such funds, and (iii) services performed for such funds and pursuant to the Indenture may at times duplicate those provided to such funds by the Trustee or an affiliate of the Trustee;

(e) Certificates of deposit secured at all times by collateral described in clause (a) above if issued by commercial banks, savings and loan associations or mutual savings banks; the collateral must

be held by a third party and the Trustee, on behalf of the Bondholders, must have a perfected first security interest in such collateral;

(f) Certificates of deposit, savings accounts, deposit accounts or money market deposits which are fully insured by the Federal Deposit Insurance Corporation (including those of the Trustee and its affiliates);

(g) Investment agreements, including guaranteed investment contracts, forward purchase agreements and reserve fund put agreements (supported by appropriate opinions of counsel);

(h) Commercial paper which is rated at the time of purchase "P-1" or better by Moody's and "A-1" or better by S&P;

(i) Municipal obligations issued by any state or municipality with a rating by both Moody's and S&P in one of the two highest Rating Categories by such rating agencies; and

(j) Federal funds or bankers acceptances with a maximum term of one year of any bank which has an unsecured, uninsured and unguaranteed obligation rating of "Prime-1" or "A3" or better by Moody's and "A-1" or "A" or better by S&P.

Ratings of Investment Securities referred to shall be determined at the time of purchase of such Investment Securities and without regard to subcategories. The Trustee shall have no responsibility to monitor the ratings of Investment Securities after the initial purchase of such Investment Securities, or the responsibility to validate the ratings of Investment Securities prior to the initial purchase.

Loan Agreement means the Loan Agreement, dated as of December 1, 2021 related to the Series 2021B Bonds, among the Authority, CHCC and FCH, as originally executed and as it may from time to time be supplemented, modified or amended in accordance with the terms thereof and of the Indenture.

Loan Default Event means any of the events of default specified in the Loan Agreement.

Loan Repayments means the payments so designated as such pursuant to the Loan Agreement and required to be made by the Borrowers pursuant to the Loan Agreement.

Master Indenture means that certain Master Indenture of Trust, dated as of May 1, 2007, among CHCC and certain of its affiliates, including FCH, and the Master Trustee, as originally executed and as it may from time to time heretofore or hereafter be supplemented, modified or amended in accordance with its terms, including as supplemented by Supplement No. 13 and, upon the Effective Date, as may be amended by the Amended and Restated Master Trust Indenture.

Master Trustee means The Bank of New York Mellon Trust Company, N.A., a national banking association organized and existing under the laws of the United States of America, or its successor, as trustee under the Master Indenture.

Member means CHCC, FCH and each other Person that is then obligated as a Member under and as defined in the Master Indenture.

Minimum Authorized Denominations means $5,000 or any integral multiple thereof.

Moody's means Moody's Investors Service, a corporation organized and existing under the laws of the State of Delaware, its successors and their assigns, or, if such corporation shall be dissolved or

liquidated or shall no longer perform the functions of a securities rating agency, any other nationally recognized securities rating agency designated by CHCC by notice in writing to the Authority and the Trustee.

Obligated Group means CHCC, FCH and each other Person which becomes a Member of, and has not withdrawn from, the Obligated Group, in each case pursuant to the terms of the Master Indenture.

Obligated Group Representative means CHCC or such other Member as may have been designated pursuant to a written notice to the Master Trustee executed by all of the Members.

Obligation means any obligation of the Obligated Group issued under the Master Indenture, as a joint and several obligation of each Obligated Group Member, which may be in any form set forth in a Related Supplement, including, but not limited to, bonds, notes, obligations, debentures, reimbursement agreements, loan agreements, Financial Products Agreements or leases. References to a Series of Obligations or to Obligations of a Series means Obligations or Series of Obligations issued pursuant to a single Related Supplement.

Obligation No. 13 means Community Hospitals of Central California Obligation No. 13 issued by CHCC, acting as Obligated Group Representative, pursuant to the Master Indenture and Supplement No. 13.

Opinion of Counsel means a written opinion of counsel (who may be counsel for the Authority, the Trustee, any Member of the Obligated Group or Bond Counsel), selected by CHCC and acceptable to the Insurer if the Insurer is an addressee of such opinion.

Outstanding, when used as of any particular time with reference to Bonds, means (subject to the provisions of the Indenture relating to disqualified Bonds) all Bonds theretofore, or thereupon being, authenticated and delivered by the Trustee under the Indenture except: (1) Bonds theretofore canceled by the Trustee or surrendered to the Trustee for cancellation; (2) Bonds with respect to which all liability of the Authority shall have been discharged in accordance with the provisions of the Indenture; and (3) Bonds for the transfer or exchange of or in lieu of or in substitution for which other Bonds shall have been authenticated and delivered by the Trustee pursuant to the provisions of the Indenture.

Participant means a member of or participant in the Securities Depository.

Participating Underwriter means any of the original underwriters of the Bonds required to comply with Rule 15c2-12 in connection with offering of the Bonds.

Person means an individual, corporation, firm, association, partnership, trust, or other legal entity or group of entities, including a governmental entity or any agency or political subdivision thereof.

Principal Account means the account by that name in the Revenue Fund established pursuant to the provisions of the Indenture.

Prior Bonds means the California Municipal Finance Authority Revenue Bonds (Community Medical Centers), Series 2015A currently outstanding in the aggregate principal amount of $116,150,000.

Project means the construction, renovation, improvement and equipping of health care facilities owned and operated by a Member of the Obligated Group located in the County of Fresno, California previously financed or refinanced with the proceeds of the Prior Bonds.

Rating Agency means Moody's Investors Service, Inc., S&P, and any other nationally recognized rating agency then assigning a rating to the Bonds at the request of CHCC.

Rating Category means a generic securities rating category, without regard to any refinement or gradation of such rating category by a numerical modifier or otherwise.

Record Date means the fifteenth (15th) day (whether or not such day is a Business Day) of the calendar month immediately preceding the calendar month in which an Interest Payment Date occurs.

Redemption Fund means the fund by that name established pursuant to the Indenture.

Redemption Price means, with respect to any Bond (or portion thereof), the principal amount of such Bond (or portion), plus the applicable premium, if any, payable upon redemption thereof pursuant to the provisions of such Bond and the Indenture.

Related Document means the Indenture, the Loan Agreement, Supplement No. 13, or any other transaction document relating to the issuance and delivery of the Bonds, provided however, Related Document shall not include the Amended and Restated Master Trust Indenture.

Reserved Rights means those certain rights of the Authority under the Loan Agreement to indemnification and to payment or reimbursement of fees and expenses of the Authority, including specifically, but, without limitation, Additional Payments payable to the Authority under the provisions of the Loan Agreement, its right to inspect and audit the books, records and premises of the Borrowers, its right to collect attorneys' fees and related expenses, its right to enforce the Borrowers' covenant to comply with applicable federal tax law and State law, its right to receive notices and to grant or withhold consents or waivers under the Loan Agreement and the Indenture, and its right to amend the Indenture and the Loan Agreement in accordance with the provisions of the Indenture and the Loan Agreement.

Revenue Fund means the fund by that name established pursuant to the provisions of the Indenture.

Revenues means all amounts received by the Authority or the Trustee for the account of the Authority pursuant or with respect to the Loan Agreement or Obligation No. 13, including, without limiting the generality of the foregoing, Loan Repayments (including both timely and delinquent payments and any late charges, and whether paid from any source), prepayments, insurance proceeds, condemnation proceeds and all interest, profits or other income derived from the investment of amounts in any fund or account established pursuant to the Indenture, but not including any Administrative Fees and Expenses, or proceeds from any right of indemnification.

Rule 15c2-12 means Securities and Exchange Commission Rule 15c2-12, as supplemented and amended from time to time.

S&P means S&P Global Ratings, its successors and their assigns, or, if such organization shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, any other nationally recognized securities rating agency designated by CHCC by notice in writing to the Authority and the Trustee.

Securities Depository means The Depository Trust Company and its successors and assigns, or any other securities depository selected as set forth in the Indenture.

Serial Bonds means Bonds, maturing in specified years, for which no Sinking Fund Installments are provided.

Sinking Fund Installment means the amount required by the provisions of the Indenture to be paid by the Authority on any single date for the retirement of Bonds.

Sinking Fund Installment Date means the dates specified in the Indenture.

Special Record Date means the date established by the Trustee pursuant to the provisions of the Indenture as the record date for the payment of defaulted interest on the Bonds.

State means the State of California.

Supplemental Indenture means any indenture duly authorized and entered into between the Authority and the Trustee, supplementing, modifying or amending the Indenture; but only if and to the extent that such Supplemental Indenture is specifically authorized thereunder.

Supplement No. 13 means that certain Supplemental Master Indenture of Trust for Obligation No. 13, dated as of December 1, 2021, between CHCC, acting as Obligated Group Representative, and the Master Trustee, as originally executed and as amended or supplemented from time to time in accordance with the terms of the Master Indenture.

Term Bonds means Bonds payable at or before their specified maturity date or dates from Sinking Fund Installments established for that purpose and calculated to retire such Bonds on or before their specified maturity date or dates.

Trustee means The Bank of New York Mellon Trust Company, N.A., or its successor as Trustee under the provisions of the Indenture.

United States Government Obligations means noncallable direct obligations of the United States of America (including obligations issued or held in book-entry form on the books of the Department of Treasury of the United States of America) and obligations of any agency or instrumentality of the United States of America the timely payment of the principal of and interest on which are fully and unconditionally guaranteed by the United States of America.

INDENTURE

The Indenture sets forth the terms of the Bonds, the nature and extent of the security for the Bonds, various rights of the Bondholders, the rights, duties and immunities of the Trustee and the rights and obligations of the Authority.

Pledge and Assignment; Revenue Fund

Subject only to the provisions of the Indenture permitting the application thereof for the purposes and on the terms and conditions set forth therein, there are thereby pledged to secure, first the payment of the principal of and interest on the Bonds in accordance with their terms and the provisions of the Indenture, all of the Revenues and any other amounts (including proceeds from the sale of the Bonds) held in any fund or account established pursuant to the provisions of the Indenture and, second, the payment of the Insurer Reimbursement Amounts and the performance and observance of the obligations of the Borrowers under the Insurance Policy. Said pledge shall constitute a lien on and security interest in such assets and shall attach, be perfected and be valid and binding from and after delivery by the Trustee of the Bonds, without any physical delivery thereof or further act.

Pursuant to the provisions of the Indenture, the Authority irrevocably and absolutely transfers and assigns to the Trustee in trust, and grants to the Trustee a security interest in, all of the Revenues and other assets pledged pursuant to the provisions of the Indenture described in the preceding paragraph and all of the right, title and interest (but none of the obligations) of the Authority in the Loan Agreement (except for its Reserved Rights) and Obligation No. 13, all for the benefit of the Holders from time to time of the Bonds. The Trustee shall be entitled to and shall collect and receive all of the Revenues, and any Revenues collected or received by the Authority shall be deemed to be held, and to have been collected or received, by the Authority as the agent of the Trustee and shall forthwith be paid by the Authority to the Trustee. The Trustee also shall be entitled to and may, subject to its rights under the Indenture, take all steps, actions and proceedings reasonably necessary in its judgment to enforce all of the rights of the Authority (other than the Reserved Rights) and all of the obligations of the Borrowers under the Loan Agreement and of the Members under Obligation No. 13.

All Revenues shall be promptly deposited by the Trustee upon receipt thereof in a special fund designated as the "Revenue Fund" which the Trustee is directed to establish, maintain and hold in trust, except as otherwise provided in the Indenture except that all moneys received by the Trustee and required by the Indenture, the Loan Agreement or Obligation No. 13 to be deposited in the Redemption Fund shall be promptly deposited in such fund. All Revenues deposited with the Trustee shall be held, disbursed, allocated and applied by the Trustee only as provided in the Indenture.

Allocation of Revenues

On or before the dates specified below, the Trustee shall transfer from the Revenue Fund and deposit into the following respective accounts (each of which the Trustee is directed to establish and maintain within the Revenue Fund) the following amounts, in the following order of priority, the requirements of each such account (including the making up of any deficiencies in any such account resulting from lack of Revenues sufficient to make any earlier required deposit) at the time of deposit to be satisfied before any transfer is made to any account subsequent in priority:

First: on or before the second Business Day next preceding each Interest Payment Date, to the Interest Account, the amount of interest becoming due and payable on such Interest Payment Date on all Bonds then Outstanding, until the balance in said account is equal to said amount of interest; and

Second: to the Principal Account, on or before the second Business Day next preceding each date principal is due and payable on Serial Bonds and/or Sinking Fund Installment Date, as applicable, the amount of principal or Sinking Fund Installment, as applicable, becoming due and payable on such date, until the balance in said account is equal to said amount of such principal payment or Sinking Fund Installment, as applicable.

Any moneys remaining in the Revenue Fund after the foregoing transfers shall, provided no amounts are then owned the Insurer, be transferred to the Borrowers as an overpayment of Loan Repayments.

Application of Interest Account

All amounts in the Interest Account shall be used and withdrawn by the Trustee solely for the purpose of paying interest on the Bonds as it shall become due and payable (including accrued interest on any Bonds purchased or redeemed prior to maturity from funds on deposit in the Principal Account or the Redemption Fund pursuant to the Indenture) or for reimbursing the Insurer with respect to drawings under the Insurance Policy for such purposes.

Application of Principal Account

All amounts in the Principal Account shall be used and withdrawn by the Trustee solely for the purpose of paying the principal of the Bonds when due and payable, including payment of Sinking Fund Installments, payment upon redemption and payment at maturity or for reimbursing the Insurer with respect to drawings under the Insurance Policy for such purposes.

On each Sinking Fund Installment Date established pursuant to the Indenture, the Trustee shall apply the Sinking Fund Installment required on that date to the redemption (or payment at maturity, as the case may be) of Bonds for which such Sinking Fund Installment was established, upon the notice and in the manner provided in the Indenture; provided that, at any time prior to giving such notice of such redemption, the Trustee may apply moneys in the Principal Account to the purchase of such Bonds at public or private sale, as and when and at such prices (including brokerage and other charges, but excluding accrued interest, which is payable from the Interest Account) as directed in writing by the Borrowers, except that the purchase price (excluding accrued interest) shall not exceed the par amount of the Bonds so purchased. If, during the twelve-month period immediately preceding a Sinking Fund Installment Date, the Trustee has purchased Bonds with moneys in the Principal Account, or, during said period and prior to giving said notice of redemption, the Borrowers have deposited Bonds with the Trustee (together with a Request of the Borrowers, to apply such Bonds to the Sinking Fund Installment for such Bonds due on said date), or Bonds were at any time purchased or redeemed by the Trustee from the Redemption Fund and allocable to said Sinking Fund Installment, such Bonds shall be applied, to the extent of the full principal amount thereof, to reduce said Sinking Fund Installment. All Bonds purchased or deposited pursuant to this subsection, if any, shall be cancelled by the Trustee. Bonds purchased from the Principal Account, purchased or redeemed from the Redemption Fund, or deposited by the Borrowers with the Trustee shall be allocated first to the next succeeding Sinking Fund Installment for such Bonds, then as a credit against such future Sinking Fund Installments as the Borrowers may specify in writing (or, if the Borrowers fail to so specify, allocated as a credit against future Sinking Fund Installments in inverse order of their payment dates).

Application of the Redemption Fund

The Trustee shall establish, maintain and hold in trust a fund separate from any other fund established and maintained under the Indenture designated as the "Redemption Fund." All amounts deposited in the Redemption Fund shall be used and withdrawn by the Trustee solely for the purpose of redeeming Bonds, in the manner and upon the terms and conditions specified in the Indenture, at the next succeeding date of redemption for which notice has been given and at the Redemption Prices then applicable to redemptions from the Redemption Fund; provided that, at any time prior to giving such notice of redemption, the Trustee shall, upon direction of the Borrowers, apply such amounts to the purchase of Bonds at public or private sale, as and when and at such prices (including brokerage and other charges, but excluding accrued interest, which is payable from the Interest Account) as the Borrowers may direct, except that the purchase price (exclusive of accrued interest) may not exceed the Redemption Price then applicable to such Bonds.

Investment of Moneys in Funds and Accounts

All moneys in any of the funds and accounts established pursuant to the provisions of the Indenture shall be invested by the Trustee, upon direction of the Borrowers to the Trustee at least two Business Days in advance, solely in Investment Securities. All Investment Securities shall be acquired subject to the limitations as to maturities set forth in the Indenture and such additional limitations or requirements consistent with the Indenture as may be established by Request of the Borrowers.

Enforcement of Loan Agreement and Obligation No. 13. The Trustee shall promptly collect all amounts due from the Borrowers pursuant to the Loan Agreement and from the Obligated Group

pursuant to Obligation No. 13, shall perform all duties imposed upon it pursuant to the Loan Agreement and shall, subject to the rights of the Insurer under the Indenture, be entitled to (subject to its rights and protections under the Indenture) enforce, and take all steps, actions and proceedings reasonably necessary for the enforcement of, all of the rights of the Authority (other than Reserved Rights) and all of the obligations of the Borrowers under the Loan Agreement and the Obligated Group under Obligation No. 13.

Amendment of Loan Agreement and Master Indenture. Except as described below, the Authority shall not amend, modify or terminate any of the terms of the Loan Agreement, or consent to any such amendment, modification or termination, unless there is filed with the Trustee the written consent to such amendment, modification or termination of the Holders of a majority in principal amount of the Bonds then Outstanding, provided that no such amendment, modification or termination shall reduce the amount of Loan Repayments to be made to the Authority or the Trustee by the Borrowers pursuant to the Loan Agreement, or extend the time for making such payments, without the written consent of all of the Holders of the Bonds then Outstanding.

Notwithstanding the provisions of the Indenture described in the preceding paragraph, the terms of the Loan Agreement may also be modified or amended from time to time and at any time by the Authority without the necessity of obtaining the consent of any Bondholders only to the extent permitted by law and only for any one or more of the following purposes: (1) to add to the covenants and agreements of the Authority or the Borrowers contained in the Loan Agreement other covenants and agreements thereafter to be observed, to pledge or assign additional security for the Bonds (or any portion thereof), or to surrender any right or power therein reserved to or conferred upon the Authority or the Borrowers, provided, that, no such covenant, agreement, pledge, assignment or surrender shall materially adversely affect the interests of the Holders of the Bonds; or (2) to make such provisions for the purpose of curing any ambiguity, inconsistency or omission, or of curing or correcting any defective provision, contained in the Loan Agreement, or in regard to matters or questions arising under the Loan Agreement, as the Authority may deem necessary or desirable and not inconsistent with the Loan Agreement or the Indenture, and which shall not materially adversely affect the interests of the Holders of the Bonds. The Insurer shall have the right to consent to amendments to the Loan Agreement to the extent provided in the Indenture.

To the extent that the consent of the holders of the requisite principal amount of Obligations then Outstanding is required pursuant to the Master Indenture to amend, modify or terminate any of the terms of the Master Indenture, the Trustee, as the holder of Obligation No. 13, shall deliver such consent to the Master Trustee when the holders of a majority in aggregate principal amount of the Bonds then Outstanding shall have provided their written consent to the Trustee, provided that only the consent of the Insurer shall be required as a condition to the Trustee, as the holder of Obligation No. 13, delivering its consent to the Master Trustee so long as the Insurer has not lost its right to consent pursuant to the Indenture.

By execution of the Indenture, the Trustee acknowledges: (i) that the purchasers of the Bonds, by their purchase of the Bonds, have been deemed to consent to the amendment of the Master Indenture described above under the caption "Supplemental Master Indenture of Trust for Obligation No. 13 – Proposed Amendment of Master Indenture" and to the termination of the Deeds of Trust, and (ii) that pursuant to such deemed consent the Trustee as Holder of Obligation No. 13 by acceptance of Obligation No. 13 has agreed to consent to amendment of the Master Indenture described above under the caption "Supplemental Master Indenture of Trust for Obligation No. 13 – Proposed Amendment of Master Indenture" when the Obligated Group Representative shall request such consent from the Trustee pursuant to the provisions of the Master Indenture described above under the caption "Master Indenture

of Trust – Supplements and Amendments – Supplements Requiring Consent of Holders" and to consent to termination of the Deeds of Trust upon receipt of the request of the Borrowers.

Replacement of Obligation No. 13. In the event of merger or consolidation of a Member of the Obligated Group with, or the sale or conveyance of all or substantially all of the assets of a Member of the Obligated Group to, any Person that is not a Member of the Obligated Group, in lieu of complying with the provisions of the Master Indenture, or in the case of the affiliation of a Member of the Obligated Group with any other Person that is not a Member of the Obligated Group, Obligation No. 13 may be surrendered by the Trustee and delivered to the Master Trustee for cancellation upon receipt by the Trustee of the following:

(a) a Request of the Obligated Group Representative requesting such surrender and delivery and stating that the Members of the Obligated Group have become members of an obligated group, which contains entities other than the Members of the Obligated Group (referred to under the Indenture and under this caption as the "New Group"), under a master indenture (other than the Master Indenture) (referred to under the Indenture and under this caption as the "Replacement Master Indenture") and that an obligation is being issued to the Trustee under the Replacement Master Indenture;

(b) a properly executed obligation (the "Replacement Obligation") issued under the Replacement Master Indenture and registered in the name of the Trustee with the same tenor and effect as Obligation No. 13, duly authenticated by the master trustee under the Replacement Master Indenture;

(c) an Opinion of Counsel to the effect that the Replacement Obligation has been validly issued under the Replacement Master Indenture and constitutes a valid and binding obligation of the Members of the Obligated Group and each other member of the New Group, subject to customary exceptions;

(d) a copy of the Replacement Master Indenture, certified as a true and accurate copy by the master trustee under the Replacement Master Indenture;

(e) a Certificate of the Borrowers to the effect that, after giving effect to the Replacement Obligation and the termination of all Master Indenture Obligations (as such term is defined in the Master Indenture) under the original Master Indenture, the Bonds will be rated at least "A-" or the equivalent by all Rating Agencies then rating the Bonds at the request of the Borrowers; and

(f) a certificate of the Master Trustee to the effect that Obligation No. 13 has been cancelled and that the Members of the Obligated Group have withdrawn from or otherwise ceased to be part of the Obligated Group.

Upon satisfying the above conditions, references in the Indenture and in the Bonds to (i) Obligation No. 13 will become references to the Replacement Obligation, (ii) the Master Indenture will become references to the Replacement Master Indenture, (iii) the Master Trustee will become references to the master trustee under the Replacement Master Indenture, (iv) the Obligated Group and the Members of the Obligated Group will become references to the New Group and the members of the New Group under the Replacement Master Indenture and (v) Supplement No. 13 will become references to the supplemental master indenture pursuant to which the Replacement Obligation shall be issued.

For the avoidance of doubt, the Amended and Restated Master Trust Indenture shall not be deemed to be a Replacement Master Indenture.

Continuing Disclosure. Pursuant to the Loan Agreement, the Borrowers have undertaken all responsibility for compliance with continuing disclosure requirements, and the Authority shall have no liability to the Holders of the Bonds or any other Person with respect to Rule 15c2-12 of the Securities and Exchange Commission ("Rule 15c2-12"). Notwithstanding any other provision of the Indenture, failure of the Borrowers or the Dissemination Agent (as defined in the Continuing Disclosure Undertaking) to comply with the Continuing Disclosure Undertaking shall not be considered an Event of Default.

Events of Default

Events of Default under the Indenture include: (A) default in the due and punctual payment of the principal or Redemption Price of any Bond when and as the same shall become due and payable, whether at maturity as therein expressed, by proceedings for redemption, including redemption from Sinking Fund Installments, by acceleration or otherwise; (B) default in the due and punctual payment of any installment of interest on any Bond when and as such interest installment shall become due and payable; (C) default in any material respect by the Authority in the observance of any of the other covenants, agreements or conditions on its part in the Indenture or in the Bonds contained, if such default shall have continued for a period of 30 days after written notice thereof, specifying such default and requiring the same to be remedied, shall have been given to the Authority, the Insurer, and the Borrowers by the Trustee, or to the Authority, the Insurer, the Borrowers and the Trustee by the Holders of not less than a majority in aggregate principal amount of the Bonds at the time Outstanding; (D) a Loan Default Event; or (E) acceleration of Obligations issued under the Master Indenture.

Upon actual knowledge of the existence of any Event of Default, the Trustee shall notify the Borrowers, the Authority, the Insurer and the Master Trustee in writing within five Business Days of knowledge thereof; provided, however, that the Trustee need not provide notice of any Loan Default Event if the Borrowers have expressly acknowledged the existence of such Loan Default Event in a writing delivered to the Trustee, the Authority, the Insurer and the Master Trustee.

Upon actual knowledge of the existence of any Event of Default, the Authority and the Borrowers shall notify the Trustee, the Master Trustee, and the Insurer in writing within five Business Days after knowledge thereof.

Acceleration of Maturities

Subject to the provisions of the Indenture, whenever any Event of Default under the Indenture described above under the caption "Indenture - Events of Default" shall have happened and be continuing, the Trustee:

(A) In the case of an Event of Default described in clauses (A), (B) or (E) above under the caption "Indenture - Events of Default," shall occur, may (1) declare the principal of all the Bonds then Outstanding, and the interest accrued thereon, to be due and payable immediately, and (2) in its capacity as the holder of Obligation No. 13, request the Master Trustee to declare the aggregate principal amount of Obligation No. 13 and the interest accrued thereon to be immediately due and payable in accordance with the provisions of the Master Indenture;

(B) In the case of an Event of Default described in clause (C) above under the caption "Indenture - Events of Default," may take whatever action at law or in equity is necessary or desirable to enforce the performance, observance or compliance by the Authority with any covenant, condition or agreement by the Authority under the Indenture; and

(C) In the case of an Event of Default described in clause (D) above under the caption "Indenture - Events of Default," may take whatever action the Authority would be entitled to take, and may (subject to its rights and protections under the Indenture) take whatever action the Authority would be required to take, pursuant to the Loan Agreement in order to remedy the Loan Default Event.

Upon the declaration by the Trustee of the principal of all Bonds then Outstanding, and the interest accrued thereon, to be due and payable immediately, the principal of all the Bonds then Outstanding, and the interest accrued thereon, shall become and shall be immediately due and payable, anything in the Indenture to the contrary notwithstanding. Notwithstanding any other provision of the Indenture or any right, power or remedy existing at law or in equity or by statute, the Trustee's declaration that the principal of all the Bonds then Outstanding and the interest accrued thereon is immediately due and payable shall be effective only if the Trustee shall have requested that the Master Trustee declare the aggregate principal amount of Obligation No. 13 and all interest thereon to be immediately due and payable in accordance with the provisions of the Master Indenture. The Trustee shall give notice of acceleration of the Bonds by mail or Electronic Means to the Holders of the Bonds, a copy of which shall be provided to the Authority and the Borrowers.

Any such declaration, however, is subject to the condition that if, at any time after such declaration and before any judgment or decree for the payment of the moneys due shall have been obtained or entered, the Authority or the Borrowers shall deposit with the Trustee a sum sufficient to pay all the principal (including any Sinking Fund Installment) or Redemption Price of and installments of interest on the Bonds, payment of which is overdue, with interest on such overdue principal at the rate borne by the respective Bonds, and the reasonable charges and expenses of the Trustee and the Authority (including fees and expenses of their respective attorneys), and if the Trustee has received notification from the Master Trustee that the declaration of acceleration of Obligation No. 13 has been annulled pursuant to the Master Indenture and any and all other defaults known to the Trustee (other than in the payment of principal of and interest on the Bonds due and payable solely by reason of such declaration) shall have been made good or cured to the satisfaction of the Trustee or provision deemed by the Trustee to be adequate shall have been made therefor, then, and in every such case, the Trustee shall, on behalf of the Holders of all of the Bonds, rescind and annul such declaration and its consequences and waive such default; but no such rescission and annulment shall extend to or shall affect any subsequent default, or shall impair or exhaust any right or power consequent thereon.

Notice of such declaration having been given as aforesaid, anything to the contrary contained in the Indenture or in the Bonds to the contrary notwithstanding, interest shall cease to accrue on such Bonds from and after the date set forth in such notice (which shall be not more than seven (7) days from the date of such declaration).

Nothing contained in the Indenture, however, shall require the Trustee to exercise any remedies in connection with an Event of Default unless the Trustee shall have actual knowledge or shall have received written notice of such Event of Default.

Application of Revenues and Other Funds after Default

If an Event of Default shall occur and be continuing, all Revenues and any other funds then held or thereafter received by the Trustee under any of the provisions of the Indenture (subject to the provisions of the Indenture relating to disqualified Bonds) shall be applied by the Trustee as follows and in the following order:

(1) To the payment of any expenses necessary in the opinion of the Trustee to protect the interests of the Holders of the Bonds and payment of reasonable fees and expenses of the Trustee (including reasonable fees and disbursements of its counsel) incurred in and about the performance of its

powers and duties under the Indenture and then any sums due to the Authority under the Loan Agreement (other than Loan Repayments), provided, however, after payment of all sums mentioned in the Indenture to the Trustee, the application of funds realized upon default shall be applied to the payment of expenses of the Authority only after the payment of past due and current debt service on the Bonds; and

(2) To the payment of the principal or Redemption Price of and interest then due on the Bonds (upon presentation of the Bonds to be paid, and stamping thereon of the payment if only partially paid, or surrender thereof if fully paid) subject to the provisions of the Indenture, as follows:

(i) Unless the principal of all of the Bonds shall have become or have been declared due and payable,

First: To the payment to the Persons entitled thereto of all installments of interest then due in the order of the maturity of such installments, and, if the amount available shall not be sufficient to pay in full any installment or installments maturing on the same date, then to the payment thereof ratably, according to the amounts due thereon, to the Persons entitled thereto, without any discrimination or preference; and

Second: To the payment to the Persons entitled thereto of the unpaid principal (including Sinking Fund Installments) or Redemption Price of any Bonds which shall have become due, whether at maturity or by call for redemption, in the order of their due dates, with interest on the overdue principal at the rate borne by the respective Bonds, and, if the amount available shall not be sufficient to pay in full all the Bonds due on any date, together with such interest, then to the payment thereof ratably, according to the amounts of principal or Redemption Price due on such date to the Persons entitled thereto, without any discrimination or preference,

(ii) If the principal of all of the Bonds shall have become or have been declared due and payable, to the payment of the principal and interest then due and unpaid upon the Bonds with interest on the overdue principal at the rate borne by the respective Bonds and, if the amount available shall not be sufficient to pay in full the whole amount so due and unpaid, then to the payment thereof ratably, without preference or priority of principal over interest, or of interest over principal, or of any installment of interest over any other installment of interest, or of any Bond over any other Bond according to the amounts due respectively for principal and interest, to the Persons entitled thereto without any discrimination or preference.

Trustee to Represent Bondholders

The Trustee is irrevocably appointed (and the successive respective Holders of the Bonds, by taking and holding the same, shall be conclusively deemed to have so appointed the Trustee) as Trustee and true and lawful attorney-in-fact of the Holders of the Bonds for the purpose of exercising and prosecuting on their behalf such rights and remedies as may be available to such Holders under the provisions of the Bonds, the Indenture, the Loan Agreement, Obligation No. 13, the Act and applicable provisions of any other law. Upon the occurrence and continuance of an Event of Default or other occasion giving rise to a right in the Trustee to represent the Bondholders, the Trustee in its discretion may, and upon the written request of the Holders of not less than a majority in aggregate principal amount of the Bonds then Outstanding and upon being indemnified to its satisfaction therefor, shall, proceed to protect or enforce its rights or the rights of such Holders by such appropriate action, suit, mandamus or other proceedings as it shall deem most effectual to protect and enforce any such right, at law or in equity, either for the specific performance of any covenant or agreement contained in the Indenture, or in aid of the execution of any power granted in the Indenture, or for the enforcement of any other appropriate legal or equitable right or remedy vested in the Trustee or in such Holders under the Indenture, the Loan Agreement, Obligation No. 13, the Act or any other law; and upon instituting such proceeding, the Trustee shall be entitled, as a matter of right, to the appointment of a receiver of the Revenues and other

amounts and assets pledged under the Indenture, pending such proceedings. All rights of action under the Indenture or the Bonds or otherwise may be prosecuted and enforced by the Trustee without the possession of any of the Bonds or the production thereof in any proceeding relating thereto, and any such suit, action or proceeding instituted by the Trustee shall be brought in the name of the Trustee for the benefit and protection of all the Holders of such Bonds, subject to the provisions of the Indenture.

Bondholders' Direction of Proceedings

The Holders of a majority in aggregate principal amount of the Bonds then Outstanding shall have the right, by an instrument or concurrent instruments in writing executed and delivered to the Trustee, and upon indemnifying the Trustee to its satisfaction therefor, to direct the method of conducting all remedial proceedings taken by the Trustee under the Indenture, provided that such direction shall not be otherwise than in accordance with law and the provisions of the Indenture, and that the Trustee shall have the right to decline to follow any such direction which in the opinion of the Trustee would be unjustly prejudicial to Bondholders not parties to such direction.

Limitation on Bondholders' Right to Sue

No Holder of any Bond shall have the right to institute any suit, action or proceeding at law or in equity, for the protection or enforcement of any right or remedy under the Indenture, the Loan Agreement, Obligation No. 13, the Act or any other applicable law with respect to such Bond, unless: (1) such Holder shall have given to the Trustee written notice of the occurrence of an Event of Default; (2) the Holders of not less than a majority in aggregate principal amount of the Bonds then Outstanding shall have made written request upon the Trustee to exercise the powers hereinbefore granted or to institute such suit, action or proceeding in its own name; (3) such Holder or said Holders shall have tendered to the Trustee indemnity satisfactory to it against the costs, expenses and liabilities to be incurred in compliance with such request; and (4) the Trustee shall have refused or omitted to comply with such request for a period of sixty (60) days after such written request shall have been received by, and said tender of indemnity shall have been made to, the Trustee.

Such notification, request, tender of indemnity and refusal or omission are declared, in every case, to be conditions precedent to the exercise by any Holder of Bonds of any remedy under the Indenture or under law; it being understood and intended that no one or more Holders of Bonds shall have any right in any manner whatever by such Holder's or Holders' action to affect, disturb or prejudice the security of the Indenture or the rights of any other Holders of Bonds, or to enforce any right under the Indenture, the Loan Agreement, Obligation No. 13, the Act or other applicable law with respect to the Bonds, except in the manner provided in the Indenture, and that all proceedings at law or in equity to enforce any such right shall be instituted, had and maintained in the manner provided in the Indenture and for the benefit and protection of all Holders of the Outstanding Bonds, subject to the provisions of the Indenture.

Absolute Obligation of Authority

Nothing in the Indenture, or in the Bonds, contained shall affect or impair the obligation of the Authority, which is absolute and unconditional, to pay the principal or Redemption Price of and interest on the Bonds to the respective Holders of the Bonds at their respective dates of maturity, or upon call for redemption, as provided in the Indenture, but only out of the Revenues and other assets pledged therefor pursuant to the Indenture, and not otherwise, or affect or impair the right of such Holders, which is also absolute and unconditional, to enforce such payment by virtue of the contract embodied in the Bonds.

Termination of Proceedings

In case any proceedings taken by the Trustee, or any one or more Bondholders on account of any Event of Default shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Trustee or the Bondholders, then in every such case the Authority, the Trustee and the Bondholders, subject to any determination in such proceedings, shall be restored to their former positions and rights under the Indenture, severally and respectively, and all rights, remedies, powers and duties of the Authority, the Trustee and the Bondholders shall continue as though no such proceedings had been taken.

Remedies Not Exclusive

No remedy in the Indenture conferred upon or reserved to the Trustee or to the Holders of the Bonds is intended to be exclusive of any other remedy or remedies, and each and every such remedy, to the extent permitted by law, shall be cumulative and in addition to any other remedy given under the Indenture or now or thereafter existing at law or in equity or otherwise.

No Waiver of Default

No delay or omission of the Trustee or of any Holder of the Bonds to exercise any right or power arising upon the occurrence of any default shall impair any such right or power or shall be construed to be a waiver of any such default or an acquiescence therein; and every power and remedy given by the Indenture to the Trustee or to the Holders of the Bonds may be exercised from time to time and as often as may be deemed expedient.

No Obligation of Authority to Enforce Assigned Rights

Notwithstanding anything to the contrary in the Indenture, the Authority shall have no obligation to and instead the Trustee may, without further direction from the Authority, take any and all steps, actions and proceedings, to enforce any or all rights of the Authority (other than Reserved Rights) under the Indenture or the Loan Agreement, including, without limitation, the rights to enforce the remedies upon the occurrence and continuation of an Event of Default and the obligations of the Borrowers under the Loan Agreement and the Members under Obligation No. 13.

Rights of Insurer Relating to Bonds

Notwithstanding anything to the contrary in the Indenture, the provisions of the Indenture relating to Events of Default and Remedies of Bondholders are subject to the provisions of the Indenture relating to Certain Provisions Relating to Bond Insurance and the rights of the Insurer relating to the Bonds. The Bonds shall not be accelerated without the consent of the Insurer and in the event the Bonds are accelerated, the Insurer may elect, in its sole discretion, to pay accelerated principal and interest accrued on such principal to the date of acceleration (to the extent unpaid by the Authority) and the Trustee shall be required to accept such amounts. Upon payment of such accelerated principal and interest accrued to the acceleration date as provided above, the Insurer's obligations under the Insurance Policy with respect to such Bonds shall be fully discharged.

Amendment of the Indenture

Amendments Permitted. (A) The Indenture and the rights and obligations of the Authority and of the Holders of the Bonds and of the Trustee may be modified or amended from time to time and at any time by an indenture or indentures supplemental thereto, which the Authority and the Trustee may enter into when the written consent of the Borrowers, the Insurer and the Holders of a majority in aggregate principal amount of the Bonds then Outstanding shall have been filed with the Trustee. No such modification or amendment shall (1) extend the stated maturity of any Bond, or reduce the amount of

principal thereof or any Sinking Fund Installment provided therefor, or extend the time of payment or change the method of computing the rate of interest thereon, or extend the time of payment of interest thereon, without the consent of the Holder of each Bond so affected, or (2) reduce the percentage of Bonds, the consent of the Holders of which is required to effect any such modification or amendment, or permit the creation of any lien on the Revenues and other assets pledged under the Indenture prior to or on a parity with the lien created by the Indenture, or deprive the Holders of the Bonds of the lien created by the Indenture on such Revenues and other assets (except as expressly provided in the Indenture), without the consent of the Holders of all Bonds then Outstanding and the Insurer. It shall not be necessary for the consent of the Holders or the Insurer to approve the particular form of any Supplemental Indenture, but it shall be sufficient if such consent shall approve the substance thereof. Promptly after the execution by the Authority and the Trustee of any Supplemental Indenture pursuant to the provisions of the Indenture described in this subsection (A), the Trustee shall mail a notice, setting forth in general terms the substance of such Supplemental Indenture to the Insurer and the Holders at the addresses shown on the registration books maintained by the Trustee. Any failure to give such notice, or any defect therein, shall not, however, in any way impair or affect the validity of any such Supplemental Indenture.

(B) The Indenture and the rights and obligations of the Authority, of the Trustee and of the Holders of the Bonds may also be modified or amended from time to time and at any time by an indenture or indentures supplemental hereto, which the Authority and the Trustee may enter into with the written consent of the Borrowers, but without the necessity of obtaining the consent of any Holders or Insurer, only to the extent permitted by law and only for any one or more of the following purposes:

(1) to add to the covenants and agreements of the Authority contained in the Indenture other covenants and agreements thereafter to be observed, to pledge or assign additional security for the Bonds (or any portion thereof), or to surrender any right or power therein reserved to or conferred upon the Authority, provided, that no such covenant, agreement, pledge, assignment or surrender shall materially adversely affect the interests of the Holders of the Bonds;

(2) to make such provisions for the purpose of curing any ambiguity, inconsistency or omission, or of curing or correcting any defective provision, contained in the Indenture, or in regard to matters or questions arising under the Indenture, as the Authority, the Trustee or the Borrowers may deem necessary or desirable and not inconsistent with the Indenture, and which shall not materially adversely affect the interests of the Holders of the Bonds;

(3) to modify, amend or supplement the Indenture in such manner as to permit the qualification thereof under the Trust Indenture Act of 1939, as amended, or any similar federal statute hereafter in effect, and to add such other terms, conditions and provisions as may be permitted by said act or similar federal statute, and which shall not materially adversely affect the interests of the Holders of the Bonds; or

(4) to facilitate and implement any book entry system (or any termination of a book entry system) with respect to the Bonds.

(C) The Trustee may in its discretion, but shall not be obligated to, enter into any such Supplemental Indenture authorized by the provisions of the Indenture described under subsections (A) or (B) above which materially adversely affects the Trustee's own rights, duties or immunities under the Indenture or otherwise.

(D) In executing, or accepting the additional trusts created by, any Supplemental Indenture permitted by the Indenture or the modification thereby of the trusts created by the Indenture, the Authority and the Trustee shall receive, and shall be fully protected in relying upon, an opinion of Bond

Counsel addressed and delivered to the Authority and the Trustee stating that the execution of such Supplemental Indenture is permitted by and in compliance with the Indenture.

Discharge of Bonds and Indenture. The Bonds may be paid by the Authority or the Trustee on behalf of the Authority in any of the following ways: (a) by paying or causing to be paid the principal or Redemption Price of and interest on all Bonds Outstanding, as and when the same become due and payable; (b) by depositing with the Trustee, in trust, at or before maturity, moneys or securities in the necessary amount (as provided pursuant to the provisions of the Indenture described below under the caption "Indenture – Amendment of the Indenture - Deposit of Money or Securities with Trustee") to pay when due or redeem all Bonds then Outstanding; or (c) by delivering to the Trustee, for cancellation by it, all Bonds then Outstanding.

Discharge of Liability on Bonds. Upon the deposit with the Trustee, in trust, at or before maturity, of money or securities in the necessary amount to pay or redeem any Outstanding Bond (whether upon or prior to its maturity or the redemption date of such Bond), provided that, if any Bond is to be redeemed prior to maturity, notice of such redemption shall have been given as provided pursuant to the provisions of the Indenture or provision satisfactory to the Trustee shall have been made for the giving of such notice, then all liability of the Authority in respect of such Bond shall cease, terminate and be completely discharged, except only that thereafter the Holder thereof shall be entitled to payment of the principal of and interest on such Bond by the Authority, and the Authority shall remain liable for such payments, but only out of such money or securities deposited with the Trustee as aforesaid for their payment, subject, however, to the provisions of the Indenture described below under the caption "Indenture – Amendment of the Indenture - Payment of Bonds After Discharge of Indenture."

Deposit of Money or Securities with Trustee. Whenever in the Indenture it is provided or permitted that there be deposited with or held in trust by the Trustee money or securities in the necessary amount to pay or redeem any Bonds, the money or securities to be so deposited or held may include money or securities held by the Trustee in the funds and accounts established pursuant to the provisions of the Indenture and shall be:

(a) lawful money of the United States of America, in an amount equal to the principal amount of such Bonds and all unpaid interest thereon to maturity, except that, in the case of Bonds which are to be redeemed prior to maturity and in respect of which notice of such redemption shall have been given as provided in the Indenture or provision satisfactory to the Trustee shall have been made for the giving of such notice, the amount to be deposited or held shall be the principal amount or Redemption Price of such Bonds and all unpaid interest thereon to the redemption date; or

(b) United States Government Obligations (not callable by the issuer thereof prior to maturity), the principal of and interest on which when due will provide money sufficient to pay the principal or Redemption Price of and all unpaid interest to maturity, or to the redemption date, as the case may be, on the Bonds to be paid or redeemed, as such principal or Redemption Price and interest become due; provided that, in the case of Bonds which are to be redeemed prior to the maturity thereof, notice of such redemption shall have been given as provided in the Indenture or provision satisfactory to the Trustee shall have been made for the giving of such notice; provided, in each case, that the Trustee shall have been irrevocably instructed (by the terms of the Indenture or by Request of the Authority) to apply such money to the payment of such principal or Redemption Price and interest with respect to such Bonds, and provided further, that with respect to the deposit of United States Government Obligations pursuant to the provisions of the Indenture described in this subsection (b), the Trustee shall have received (i) a verification report from an independent Accountant acceptable in form and substance to the Trustee to the effect that the amount deposited is sufficient to make the payments specified therein and

(ii) an opinion of nationally recognized bond counsel addressed to the Authority and the Trustee to the effect that the Bonds are no longer Outstanding under the Indenture.

Payment of Bonds After Discharge of Indenture. Notwithstanding any provisions of the Indenture to the contrary, any moneys held by the Trustee in trust for the payment of the principal of, or interest on, any Bonds and remaining unclaimed for two (2) years (or, if shorter, one day before such moneys would escheat to the State of California under then applicable California law) after such principal or interest, as the case may be, has become due and payable (whether at maturity or upon call for redemption or by acceleration as provided in the Indenture), if such moneys were so held at such date, or two (2) years (or, if shorter, one day before such moneys would escheat to the State of California under then applicable California law) after the date of deposit of such moneys if deposited after said date when all of the Bonds became due and payable, shall be repaid to the Borrowers free from the trusts created by the Indenture upon receipt of an indemnification agreement acceptable to the Authority and the Trustee indemnifying the Authority and the Trustee with respect to claims of Holders of Bonds which have not yet been paid and containing the agreement of the Borrowers to remain liable for the amount so repaid to the Borrowers, and all liability of the Authority and the Trustee with respect to such moneys shall thereupon cease; provided, however, that before the repayment of such moneys to the Borrowers as aforesaid, the Trustee may (at the cost of the Borrowers) first mail to the Holders of Bonds which have not yet been paid, at the addresses shown on the registration books maintained by the Trustee, a notice, in such form as may be deemed appropriate by the Trustee with respect to the Bonds so payable and not presented and with respect to the provisions relating to the repayment to the Borrowers of the moneys held for the payment thereof.

Certain Provisions Relating to Bond Insurance

Payment of Principal and Interest on Bonds under Insurance Policy. (a) If, on the third Business Day prior to the related scheduled Interest Payment Date or principal payment date (each a "Payment Date") there is not on deposit with the Trustee, after making all transfers and deposits required under the Indenture with respect to the Bonds, moneys sufficient to pay the principal of and interest on the Bonds due on such Payment Date, the Trustee shall give notice to the Insurer and to its designated agent (if any) (the "Insurer's Fiscal Agent") by telephone or telecopy of the amount of such deficiency by 12:00 noon, New York City time, on such Business Day. If, on the second Business Day prior to the related Payment Date, there continues to be a deficiency in the amount available to pay the principal of and interest on the Bonds due on such Payment Date, the Trustee shall make a claim under the Insurance Policy and give notice to the Insurer and the Insurer's Fiscal Agent (if any) by telephone of the amount of such deficiency, and the allocation of such deficiency between the amount required to pay interest on the Bonds and the amount required to pay principal of the Bonds, confirmed in writing to the Insurer and the Insurer's Fiscal Agent by 12:00 noon, New York City time, on such second Business Day by filling in the form of Notice of Claim and Certificate delivered with the Insurance Policy.

(b) The Trustee shall designate any portion of payment of principal on Bonds paid by the Insurer, whether by virtue of mandatory sinking fund redemption, maturity or other advancement of maturity, on its books as a reduction in the principal amount of Bonds registered to the then-current Bondholder, whether DTC or its nominee or otherwise, and shall issue a replacement Bond to the Insurer, registered in the name of Assured Guaranty Municipal Corp., in a principal amount equal to the amount of principal so paid (without regard to authorized denominations); provided that the Trustee's failure to so designate any payment or issue any replacement Bonds shall have no effect on the amount of principal or interest payable by the Authority on any Bonds or the subrogation rights of the Insurer.

(c) The Trustee shall keep a complete and accurate record of all funds deposited by the Insurer into the Policy Payments Account (defined below) and the allocation of such funds to payment of

interest on and principal of any Bonds. The Insurer shall have the right to inspect such records at reasonable times upon reasonable notice to the Trustee.

(d) Upon payment of a claim under the Insurance Policy, the Trustee shall establish a separate special purpose trust account for the benefit of Bondholders referred to as the "Policy Payments Account" and over which the Trustee shall have exclusive control and sole right of withdrawal. The Trustee shall receive any amount paid under the Insurance Policy in trust on behalf of Bondholders and shall deposit any such amount in the Policy Payments Account and distribute such amount only for purposes of making the payments for which a claim was made. Such amounts shall be disbursed by the Trustee to Bondholders in the same manner as principal and interest payments to be made with respect to the Bonds under the sections regarding payment of Bonds. It shall not be necessary for such payments to be made by checks or wire transfers separate from the check or wire transfer used to pay debt service with other funds available to make such payments. The Authority hereby covenants and agrees that the Insurer Reimbursement Amounts (as defined in the Loan Agreement) are secured by a lien on and pledge of the Revenues on a parity with debt service due on the Bonds.

(e) Funds held in the Policy Payments Account shall not be invested by the Trustee and may not be applied to satisfy any costs, expenses or liabilities of the Trustee. Any funds remaining in the Policy Payments Account following a Payment Date shall promptly be remitted to the Insurer.

Interest Account and Bond Sinking Fund Provisions. (a) If the Insurance Policy has been drawn upon to provide sufficient funds to pay in full an interest payment with respect to the Bonds when due as required under the Indenture, the Trustee shall use moneys in the Interest Account deposited by the Borrowers to reimburse the Insurer for such drawing in such manner as to provide for receipt by the Insurer on the same Business Day as the draw is funded.

(b) If the Insurance Policy has been drawn upon to provide sufficient funds to pay a principal payment with respect to the Bonds when due as required in the Indenture, the Trustee shall use moneys in the Principal Account deposited by the Borrowers to reimburse the Insurer for such drawing in such manner as to provide for receipt by the Insurer on the same Business Day as the draw is funded.

Event of Default Related Provisions. A payment made by the Insurer pursuant to the Insurance Policy shall not be considered a payment by the Authority for purposes of the Indenture.

Defeasance Related Provisions. (a) Defeasance of the Bonds pursuant to the Indenture is subject to the provision that all amounts due or to become due to the Insurer under the Indenture have been paid in full or duly provided for.

(b) The defeasance of the Bonds pursuant to the Indenture, is also conditioned on the following: the Trustee shall have received (1) a report (in form and substance acceptable to the Insurer and addressed to the Insurer) of an independent firm of nationally recognized certified public accountants or such other accountant as shall be acceptable to the Insurer ("Accountant") verifying the sufficiency of the escrow established to pay the Bonds in full on the maturity or redemption date ("Verification"); (2) an escrow deposit agreement in form and substance acceptable to the Insurer; and (3) an opinion of Bond Counsel (in form and substance acceptable to the Insurer and addressed to the Insurer) to the effect that all liability of the Authority in respect of such Bonds has ceased, terminated and been completely discharged, except only that the Holder thereof shall thereafter be entitled to payment of the principal of, premium, if any, and interest on such Bonds by the Authority, and the Authority shall remain liable for such payment, but only out of such money or securities deposited with the Trustee as aforesaid for their payment and such money or securities shall be pledged to such payment; and (4) a certificate of discharge of the Trustee with respect to the Bonds. The Insurer shall be provided with a final draft of the above-

referenced documentation not less than five Business Days prior to the funding of the escrow. The Bonds shall be deemed "Outstanding" unless and until they are in fact paid and retired or the criteria in the Indenture are met.

(c) Amounts paid by the Insurer under the Insurance Policy shall not be deemed paid for purposes of the Indenture and the Bonds relating to such payments shall remain Outstanding and continue to be due and owing until paid by the Authority in accordance with the Indenture. The Indenture shall not be discharged unless all amounts due or to become due to the Insurer have been paid in full or duly provided for.

Insurer as Holder of Obligation No. 13 relating to the Bonds and Owner of the Bonds; Consent of Insurer. (a) Pursuant to the provisions of Supplement No. 13, the Trustee agrees and confirms that, so long as the Insurer has not lost its rights as provided in Supplement No. 13, the Insurer shall be treated as the owner and holder of Obligation No. 13 for purposes of the Master Indenture (and related provisions), but not for purposes of payment unless the Insurer shall become the registered holder of Obligation No. 13 on the registration books of the Master Trustee maintained at the Corporate Trust Office (as such terms are defined in the Master Indenture) of the Master Trustee, with the effect that the Insurer shall have the full right and authority to give notices, consents and approvals, to request or consent to accelerations, to control and direct proceedings, to grant waivers and consents, to direct the making of appointments and to consent to supplements to the Amended and Restated Master Indenture with the same force and effect as if it were the owner or holder of Obligation No. 13, and the Trustee agrees to follow the directions of the Insurer in the exercise of such rights and authority. If the Insurer has lost its rights as holder of Obligation No. 13 pursuant to Supplement No. 13, the Trustee shall be considered the holder of Obligation No. 13 for the purposes of the Master Indenture, in which case the Trustee will exercise its rights as the holder of Obligation No. 13 in accordance with a written direction from the holders of a majority in aggregate principal amount of the Outstanding Bonds.

(b) So long as the Insurer is not in default with respect to its payment obligations on the Insurance Policy and notwithstanding any provisions to the contrary in the Indenture or the Loan Agreement, the Insurer shall be deemed to be the sole holder of the Bonds for the purpose of exercising any voting right or privilege or giving any consent or direction or taking any other action that the holders of the Bonds insured by it are entitled to take pursuant to the section or article of the Indenture, including without limitation actions pertaining to (i) defaults and remedies and (ii) the duties and obligations of the Trustee. In furtherance thereof and as a term of the Indenture and each Bond, each Bondholder appoints the Insurer as their agent and attorney-in-fact and agree that the Insurer may at any time during the continuation of any proceeding by or against the Authority or the Borrowers under the United States Bankruptcy Code or any other applicable bankruptcy, insolvency, receivership, rehabilitation or similar law (an "Insolvency Proceeding") direct all matters relating to such Insolvency Proceeding, including without limitation, (A) all matters relating to any claim or enforcement proceeding in connection with an Insolvency Proceeding (a "Claim"), (B) the direction of any appeal of any order relating to any Claim, (C) the posting of any surety, supersedeas or performance bond pending any such appeal, and (D) the right to vote to accept or reject any plan of adjustment. In addition, each Bondholder delegates and assigns to the Insurer, to the fullest extent permitted by law, the rights of each Bondholder in the conduct of any Insolvency Proceeding, including, without limitation, all rights of any party to an adversary proceeding or action with respect to any court order issued in connection with any such Insolvency Proceeding. The Trustee acknowledges such appointment, delegation and assignment by each Bondholder for the Insurer's benefit and agrees to cooperate with the Insurer in taking any action reasonably necessary or appropriate in connection with such appointment, delegation and assignment.

(c) The Trustee acknowledges and agrees that the Insurer shall be entitled, with respect to the Bonds, to direct the Trustee as holder of the Obligation No. 13 with respect to all matters relating to

Obligation No. 13, including in connection with any required consents or approvals and with respect to all actions, notices and directives taken under the remedies article of the Amended and Restated Master Trust Indenture, including such rights as the holder of Obligation No. 13 may have regarding declaring or noticing a breach to become an Event of Default.

(d) The Insurer shall, to the extent it makes any payment of principal or interest on the Bonds, become subrogated to the rights of the recipients of such payments in accordance with the terms of the Insurance Policy (which subrogation rights shall also include the rights of any such recipients in connection with any Insolvency Proceeding). Each obligation of the Borrowers under the Related Documents shall survive discharge or termination of such Related Documents.

Rights of the Insurer.

(a) Anything contained in the Indenture or in the Bonds to the contrary notwithstanding, the existence of all rights given to the Insurer under the Indenture with respect to the giving of consents or approvals or the direction of proceedings with respect to the Bonds are expressly conditioned upon the timely and full performance of its payment obligations under the Insurance Policy. Any such rights shall not apply if at any time there are no Bonds Outstanding or the Insurer has failed to perform any of its payment obligations under the Insurance Policy or has been declared insolvent or bankrupt by a court of competent jurisdiction, an order or decree shall have been entered appointing a receiver, receivers, custodian or custodians for any of its assets or revenues, or any proceeding shall be instituted with the consent or acquiescence of the Insurer or any plan shall be entered into by the Insurer for the purpose of effecting a composition between the Insurer and its creditors or for the purpose of adjusting the claims of such creditors, the Insurer makes any assignment for the benefit of its creditors or the Insurer is generally not paying its debts as such debts become due or the Insurer files a petition in bankruptcy or under Title 11 of the United States Code, as amended, or the Insurance Policy has been determined to be void or unenforceable by final judgment of a court of competent jurisdiction; provided, that the section described herein shall not in any way limit or affect the rights of the Insurer as a Bondholder of Bonds, as subrogee of a Bondholder or as assignee of a Bondholder or to otherwise be reimbursed and indemnified for its costs and expenses and other payment on or in connection with the Bonds or the Insurance Policy either by operation of law or at equity or by contract; and, provided further that such rights shall be restored if any of the foregoing events have been cured or court decisions have been reversed.

(b) Any amendment, supplement, modification to, or waiver of, the Indenture or Loan Agreement that requires the consent of Bondowners or adversely affects the rights and interests of the Insurer shall be subject to the prior written consent of the Insurer. The rights granted to the Insurer under the Indenture or Loan Agreement to request, consent to or direct any action are rights granted to the Insurer in consideration of its issuance of the Insurance Policy. Any exercise by the Insurer of such rights is merely an exercise of the Insurer's contractual rights and shall not be construed or deemed to be taken for the benefit or on behalf of the Bondholders and such action does not evidence any position of the Insurer, affirmative or negative, as to whether Bondholder consent or consent of any other person is required in addition to consent of the Insurer.

(c) In determining whether any amendment, consent, waiver or other action to be taken, or any failure to act, under the Indenture would adversely affect the security for the Bonds or the rights of the Bondholders, the Trustee shall consider the effect of any such amendment, consent, waiver, action or inaction as if there were no Insurance Policy.

(d) Amounts paid by the Insurer under the Insurance Policy shall not be deemed paid for purposes of the Indenture and the Bonds relating to such payments shall remain Outstanding and continue to be due and owing until paid in accordance with the Indenture. The Indenture shall not be

discharged unless all amounts due or to become due to the Insurer have been paid in full or duly provided for.

(e) The Insurer shall be entitled to pay principal and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Authority (as such terms are defined in the Insurance Policy) and any amounts due on the Bonds as a result of acceleration of the maturity thereof in accordance with the Indenture, whether or not the Insurer has received a Notice of Nonpayment (as such terms are defined in the Insurance Policy) or a claim upon the Insurance Policy.

(f) The Insurer will be explicitly recognized as being a third-party beneficiary under the Indenture with respect to the Bonds and may enforce any such right, remedy or claim conferred, given or granted hereunder.

(g) The Insurer shall be provided with the following information by the Borrowers or the Trustee as the case may be:

( ) In accordance with the Indenture, notice of any default relating to the Bonds known to the Trustee or the Borrowers within five Business Days after knowledge thereof.

(i) In accordance with the Indenture, prior notice of the advance refunding or redemption of any of the Bonds, including the principal amount, maturities and CUSIP numbers thereof.

(ii) In accordance with the Indenture, notice of the resignation or removal of the Trustee and the appointment of, and acceptance of duties by, any successor thereto.

(iii) Notice of the commencement of any Insolvency Proceeding against the Authority or the Borrowers.

(iv) Notice of the making of any claim in connection with any Insolvency Proceeding seeking the avoidance as a preferential transfer of any payment of principal of, or interest on, the Bonds.

(v) A full original transcript of all proceedings relating to the execution of any amendment, supplement or waiver to the Related Documents.

(vi) All reports, notices and correspondence to be delivered to Bondholders under the terms of the Related Documents.

(vii) Copies of any financial statements, reports, notices or other documents delivered to the Master Trustee or the holders of Obligations pursuant to the Amended and Restated Master Trust Indenture.

For purposes of this section, the Insurer shall be deemed to have received any filings posted to the Electronic Municipal Market Access (EMMA) website of the Municipal Securities Rulemaking Board by or on behalf of the Borrowers.

(h) The Insurer shall have the right to receive such additional information as it may reasonably request. Any time the Trustee has actual notice of the failure of the Borrowers or the Authority to provide the notices, certificates and other information required to be supplied to the Insurer, the Trustee shall notify the Insurer of such failure at the expense of the Borrowers.

(i) No contract shall be entered into or any action taken by which the rights of the Insurer or security for or sources of payment of the Bonds may be impaired or prejudiced in any material respect except upon obtaining the prior written consent of the Insurer, except to the extent permitted by the Amended and Restated Master Indenture.

LOAN AGREEMENT

The Loan Agreement provides the terms of the loan of the proceeds of the Bonds to the Borrowers and the repayment of and security for the loan provided by the Borrowers.

Issuance of Obligation No. 13

In consideration of the issuance of the Bonds by the Authority and the application of the proceeds thereof as provided in the Indenture, the Borrowers agree to issue, or cause to be issued, and to cause to be authenticated and delivered to the Authority or its designee, pursuant to the Master Indenture and Supplement No. 13, concurrently with the issuance and delivery of the Bonds, Obligation No. 13 in substantially the form set forth in Supplement No. 13. The Authority agrees that Obligation No. 13 shall be registered in the name of the Trustee. Issuance and delivery of the Bonds by the Authority shall be a condition to the issuance and delivery of Obligation No. 13.

Payment of Loan

Loan Repayments. Pursuant to the Indenture, the Authority has authorized the issuance of the Bonds and pursuant to the Loan Agreement loans and advances to the Borrowers, and the Borrowers borrow and accept from the Authority (solely from the proceeds of the sale of such Bonds), the proceeds of the Bonds to be applied under the terms and conditions of the Loan Agreement and the Indenture. In consideration of the loan to the Borrowers of such proceeds, the Borrowers agree to pay, or cause to be paid, "Loan Repayments" as follows (i) on or before the third Business Day prior to an Interest Payment Date, the full amount of the interest becoming due and payable on such Interest Payment Date on all Bonds then Outstanding (less any amounts on deposit in the Interest Account available for the payment of such interest) and (ii) on or before the third Business Day prior to the day when principal is due and payable (at maturity, upon redemption or upon acceleration of the Bonds), the aggregate amount of principal becoming due and payable on the Outstanding Bonds (less any amounts on deposit in the Principal Account and available for the payment of such principal). Each Loan Repayment shall be made in immediately available funds. Notwithstanding the foregoing, the Borrowers agree to make payments, or cause payments to be made, at the times and in the amounts required to be paid as principal or Redemption Price of and interest on the Bonds from time to time Outstanding under the Indenture and other amounts required to be paid under the Indenture, as the same shall become due whether at maturity, upon redemption, by declaration of acceleration or otherwise.

Except as otherwise expressly provided in the Loan Agreement, all amounts payable under the Loan Agreement by the Borrowers to the Authority shall be paid to the Trustee as assignee of the Authority and the Loan Agreement and all right, title and interest of the Authority in any such payments are thereby assigned and pledged to the Trustee so long as any Bonds remain Outstanding.

Except as otherwise expressly provided in the Loan Agreement, all amounts payable with respect to Obligation No. 13 shall be paid to the Trustee as assignee of the Authority and the Loan Agreement and all right, title and interest of the Authority in any such payments are thereby assigned and pledged to the Trustee so long as any Bonds remain Outstanding.

Notwithstanding anything in the Loan Agreement to the contrary, the Borrowers agree to pay to the Insurer (i) a sum equal to the total of all amounts paid by the Insurer under the Insurance Policy (the

"Insurer Advances"); and (ii) interest on such Insurer Advances from the date paid by the Insurer until payment thereof in full, payable to the Insurer at the Late Payment Rate per annum (collectively, the "Insurer Reimbursement Amounts"). "Late Payment Rate" means the lesser of (a) the greater of (i) the per annum rate of interest, publicly announced from time to time by JPMorgan Chase Bank at its principal office in The City of New York, as its prime or base lending rate (any change in such rate of interest to be effective on the date such change is announced by JPMorgan Chase Bank) plus 3%, and (ii) the then applicable highest rate of interest on the Insured Bonds and (b) the maximum rate permissible under applicable usury or similar laws limiting interest rates. The Late Payment Rate shall be computed on the basis of the actual number of days elapsed over a year of 360 days. The Borrowers covenant and agree that the Insurer Reimbursement Amounts are secured by a lien on and pledge of the Revenues on a parity with debt service due on the Bonds.

Additional Payments. In addition to the Loan Repayments and payments on Obligation No. 13, the Borrowers shall also pay to the Authority, to the Trustee, to the Insurer or to the other applicable party, as the case may be, "Additional Payments," as follows:

(a) All taxes and assessments of any type or character charged to the Authority or to the Trustee affecting the amount available to the Authority or the Trustee from payments to be received under the Loan Agreement or in any way arising due to the transactions contemplated thereby (including taxes and assessments assessed or levied by any public agency or governmental authority of whatsoever character having power to levy taxes or assessments) but excluding franchise taxes based upon the capital and/or income of the Trustee and taxes based upon or measured by the net income of the Trustee; provided, however, that the Borrowers shall have the right to protest any such taxes or assessments and to require the Authority or the Trustee, at the Borrowers' expense, to protest and contest any such taxes or assessments levied upon them and that the Borrowers shall have the right to withhold payment of any such taxes or assessments pending disposition of any such protest or contest unless such withholding, protest or contest would adversely affect the rights or interests of the Authority or the Trustee;

(b) All reasonable fees, charges and expenses of the Trustee for services rendered under the Indenture or otherwise in connection with the Bonds, the reasonable fees, charges, expenses and indemnities of the Insurer, and all amounts referred to in the provisions of the Indenture providing for indemnification of the Trustee, as and when the same become due and payable;

(c) The reasonable fees and expenses of such accountants, consultants, attorneys and other experts as may be engaged by the Authority or the Trustee to prepare audits, financial statements, reports, opinions or provide such other services required under the Loan Agreement, the other Financing Documents, the Master Indenture, the Bonds or the Indenture;

(d) The Authority Issuance Fee, the Authority Annual Fee and the reasonable fees and expenses of the Authority or any agent or attorney selected by the Authority to act on its behalf in connection with the Financing Documents, the Master Indenture, the Bonds or the Indenture, including, without limitation, any and all reasonable expenses incurred in connection with the authorization, issuance, sale and delivery of any such Bonds or in connection with any litigation, investigation or other proceeding which may at any time be instituted involving the Loan Agreement, the other Financing Documents, the Master Indenture, the Bonds or the Indenture or any of the other documents contemplated thereby, or in connection with the reasonable supervision or inspection of the Borrowers, their properties, assets or operations or otherwise in connection with the administration of the Financing Documents; and

(e) All amounts required to be paid pursuant to the Loan Agreement.

Obligations of the Borrowers Unconditional; Net Contract. The obligations of the Borrowers to make the Loan Repayments, Additional Payments and other payments required under the Loan Agreement (including any payments owed the Insurer) and pursuant to Obligation No. 13 and to perform and observe the other agreements on their part contained in the Loan Agreement shall be absolute and unconditional, and shall not be abated, rebated, setoff, reduced, abrogated, terminated, waived, diminished, postponed or otherwise modified in any manner or to any extent whatsoever, while any Bonds remain Outstanding or any Additional Payments or other payments remain unpaid, regardless of any contingency, event or cause whatsoever, including, without limiting the generality of the foregoing, any natural disaster, acts or circumstances that may constitute failure of consideration, eviction or constructive eviction, the taking by eminent domain or destruction of or damage to the Facilities, commercial frustration of purpose, any changes in the laws of the United States of America or of the State of California or any political subdivision of either or in the rules or regulations of any governmental authority, or any failure of the Authority or the Trustee to perform and observe any agreement, whether express or implied, or any duty, liability or obligation arising out of or connected with the Loan Agreement or the Indenture. The Loan Agreement shall be deemed and construed to be a "net contract," and the Borrowers shall pay absolutely net the Loan Repayments, Additional Payments and all other payments required under the Loan Agreement, regardless of any rights of setoff, recoupment, abatement or counterclaim that the Borrowers might otherwise have against the Authority or the Trustee or any other party or parties.

Prepayment. The Borrowers shall have the right at any time or from time to time to prepay all or any part of the Loan Repayments and the Authority agrees that the Trustee shall accept such prepayments when the same are tendered by the Borrowers, and the Trustee shall call for redemption of Bonds as directed by the Borrowers. All such prepayments shall be deposited upon receipt as directed by the Borrowers (i) in the Principal Account, (ii) in the Redemption Fund if the Bonds are to be redeemed pursuant to the provisions of the Indenture or (iii) in such other escrow account as may be specified by the Borrowers and, at the request of and as determined by the Borrowers, credited against payments due thereunder or used for the redemption or purchase or defeasance of Outstanding Bonds in the manner and subject to the terms and conditions set forth in the Indenture. The Borrowers shall also have the right to surrender Bonds acquired by it in any manner whatsoever to the Trustee for cancellation, and such Bonds, upon such surrender and cancellation, shall be deemed to be paid and retired and allocated as set forth in a Request of the Borrowers.

Continuing Disclosure

The Borrowers covenant and agree to comply with the continuing disclosure requirements promulgated under Rule 15c2-12 of the Securities and Exchange Commission ("Rule 15c2-12"), as it may from time to time hereafter be amended or supplemented. Notwithstanding any other provision of the Loan Agreement, failure of the Borrowers to comply with the requirements of Rule 15c2-12 shall not be considered a Loan Default Event.

Insurance Policy

The Borrowers shall pay or reimburse the Insurer any and all charges, fees, costs and expenses that the Insurer may reasonably pay or incur in connection with (i) the administration, enforcement, defense or preservation of any rights or security in any Related Document; (ii) the pursuit of any remedies under the Indenture or Loan Agreement or otherwise afforded by law or equity, (iii) any amendment, waiver or other action with respect to, or related to, the Indenture or any other Related Document whether or not executed or completed, or (iv) any litigation or other dispute in connection with the Indenture or any other Related Document or the transactions contemplated thereby, other than costs resulting from the failure of the Insurer to honor its obligations under the Insurance Policy. The Borrowers acknowledge that

the Insurer reserves the right to charge a reasonable fee as a condition to executing any amendment, waiver or consent proposed in respect of the Indenture or the Loan Agreement.

The Borrowers will permit the Insurer to discuss the affairs, finances and accounts of the Borrowers, including matters relating to the construction of any major hospital project, with appropriate officers of the Borrowers and will use commercially reasonable efforts to enable the Insurer to have access to the facilities, books and records of the Borrowers on any Business Day upon reasonable prior notice.

Loan Default Events and Remedies

Loan Default Events. The following events shall be "Loan Default Events:"

(a) Failure by the Borrowers to make the Loan Repayments in the amounts and at the times provided in the Loan Agreement or any other payment required under Obligation No. 13 when due and payable;

(b) Acceleration of the Obligations;

(c) Failure by the Borrowers to observe and perform any other covenant, condition or agreement on its part to be observed or performed in the Loan Agreement for a period of 30 days after written notice, specifying such failure and requesting that it be remedied, shall have been given to the Borrowers by the Authority or the Trustee; provided, however, that if the failure is such that it can be corrected but not within such 30-day period, and corrective action is instituted by the Borrowers within such period and diligently pursued until such failure is corrected, then such period shall be increased to such extent as shall be determined by the Trustee to be necessary to enable the Borrowers to observe or perform such covenant, condition, undertaking or agreement through the exercise of due diligence and with the prior written consent of the Insurer;

(d) Any representation or warranty made by the Borrowers in any document delivered by the Borrowers to the Trustee or the Authority in connection with the sale and delivery of the Bonds proves to be untrue when made in any material respect;

(e) Occurrence of an Event of Default under the Indenture;

(f) Occurrence of an Event of Default under the Master Indenture; or

(g) Either of the Borrowers (i) shall make a general assignment for the benefit of creditors, (ii) shall institute any proceeding or voluntary case (A) seeking to adjudicate it a bankrupt or insolvent or (B) seeking liquidation, winding up, reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy, insolvency or reorganization or relief or protection of debtors or (C) seeking the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its property, (iii) shall take any action to authorize any of the actions set forth in the Indenture described above in this subsection (g), or (iv) shall have instituted against it any proceeding (A) seeking to adjudicate it a bankrupt or insolvent or (B) seeking liquidation, winding up, reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy, insolvency or reorganization or relief or protection of debtors or (C) seeking the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its property, and, if such proceeding is being contested by such Borrower in good faith, such proceeding shall remain undismissed or unstayed for a period of sixty (60) days.

Upon having actual notice of the existence of a Loan Default Event, the Trustee shall give written notice thereof to the Borrowers unless the Borrowers have expressly acknowledged the existence of such Loan Default Event in a writing delivered by the Borrower to the Trustee or filed by such Borrower in any court.

Remedies on Default. If a Loan Default Event shall occur, then, and in each and every such case during the continuance of such Loan Default Event, the Trustee on behalf of the Authority, subject to the limitations in the Indenture as to the enforcement of remedies and the rights of the Insurer provided for therein, may take such action as it deems necessary or appropriate to collect amounts due under the Loan Agreement, to enforce performance and observance of any obligation or agreement of the Borrowers under the Loan Agreement or to protect the interests securing the same, and may, without limiting the generality of the foregoing:

(a) Exercise any or all rights and remedies given or available under the Loan Agreement or given by or available under Obligation No. 13 or the Master Indenture);

(b) By written notice to the Borrowers, declare an amount equal to all amounts then due and payable on the Bonds, whether by acceleration of maturity or otherwise, to be immediately due and payable under the Loan Agreement, whereupon the same shall become immediately due and payable; and

(c) Take any action at law or in equity to collect the payment required under the Loan Agreement then due, whether on the stated due date or by declaration of acceleration or otherwise, for damages or for specific performance or otherwise to enforce performance and observance of any obligation, agreement or covenant of the Borrowers under the Loan Agreement.

Notwithstanding any right, power or other remedy permitted under the Loan Agreement, if the Trustee shall have declared the principal of all the Bonds then Outstanding and the interest accrued thereon to be due and payable immediately pursuant to the provisions of the Indenture, then the Trustee, on behalf of the Authority, shall declare all Loan Repayments and Additional Payments to be immediately due and payable and, in its capacity as the holder of Obligation No. 13, shall request the Master Trustee to declare the aggregate principal amount of Obligation No. 13 and the interest accrued thereon to be immediately due and payable in accordance with the Master Indenture.

Notwithstanding any other provision of the Loan Agreement or any right, power or remedy existing at law or in equity or by statute, the Trustee's declaration that the entire unpaid aggregate amount due under the Loan Agreement is immediately due and payable shall be effective only if the Trustee shall have requested that the Master Trustee declare the aggregate principal amount of Obligation No. 13 and all interest thereon to be immediately due and payable in accordance with the Master Indenture.

Remedies Not Exclusive; No Waiver of Rights. No remedy conferred upon or reserved to the Authority or the Trustee by the Loan Agreement is intended to be exclusive of any other available remedy or remedies, but each and every such remedy, to the extent permitted by law, shall be cumulative and shall be in addition to every other remedy given under the Loan Agreement or now or thereafter existing at law or in equity or otherwise. In order to entitle the Authority or the Trustee to exercise any remedy, to the extent permitted by law, reserved to it contained in the Loan Agreement, it shall not be necessary to give any notice, other than such notice as may be therein expressly required. Such rights and remedies as are given to the Authority under the Loan Agreement shall also extend to the Trustee, the Insurer and the Trustee may exercise any rights of the Authority thereunder, and the Trustee and the Holders of the Bonds shall be deemed third-party beneficiaries of all covenants and conditions contained in the Loan Agreement.

No delay in exercising or omitting to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default or an acquiescence therein, and every such right and power may be exercised from time to time and as often as may be deemed expedient.

Application of Moneys Collected. Any amounts collected pursuant to action taken under the provisions of the Loan Agreement relating to the Events of Default shall be applied in accordance with the provisions of the Indenture, and to the extent applied to the payment of amounts due on the Bonds, shall be credited against amounts due on Obligation No. 13. The Borrowers shall not be entitled to any credit resulting from the payment by the Insurer of principal of or interest on the Bonds pursuant to the Insurance Policy.

Amendment of Loan Agreement. The Loan Agreement may not be effectively amended, changed, modified, altered or terminated except by the written agreement of the Borrowers and the Authority and the concurring written consent of the Trustee, given in accordance with the provisions of the Indenture.

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APPENDIX C-4

FORM OF AMENDED AND RESTATED MASTER INDENTURE

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MASTER TRUST INDENTURE
(AMENDED AND RESTATED)

COMMUNITY HOSPITALS OF CENTRAL CALIFORNIA,
FRESNO COMMUNITY HOSPITAL AND MEDICAL CENTER
(d/b/a COMMUNITY HEALTH SYSTEM)

and

THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.,
as Master Trustee

Dated as of December 1, 2021

and

Effective on the Effective Date, as Described Herein

TABLE OF CONTENTS

Page

ARTICLE I
DEFINITIONS AND INTERPRETATION

Section 1.01. Definitions 2
Section 1.02. Interpretation 24
Section 1.03. References to Master Indenture 24
Section 1.04. Contents of Certificates and Opinions; Use of GAAP 24

ARTICLE II
AUTHORIZATION AND ISSUANCE OF MASTER INDENTURE OBLIGATIONS

Section 2.01. Authorization of Master Indenture Obligations 25
Section 2.02. Issuance of Master Indenture Obligations 25
Section 2.03. Appointment of Obligated Group Representative 26
Section 2.04. Execution and Authentication of Master Indenture Obligations 26
Section 2.05. Conditions to the Issuance of Master Indenture Obligations 27

ARTICLE III
PAYMENTS WITH RESPECT TO MASTER INDENTURE OBLIGATIONS; OBLIGATED GROUP COVENANTS

Section 3.01. Payment of Required Payments 28
Section 3.02. Covenants of Corporate Existence, Maintenance of Properties, Etc. 30
Section 3.03. Gross Receivables Pledge. 31
Section 3.04. Against Encumbrances 31
Section 3.05. Debt Service Coverage 32
Section 3.06. Merger, Consolidation, Sale or Conveyance 33
Section 3.07. Membership in Obligated Group 34
Section 3.08. Withdrawal from Obligated Group 35
Section 3.09. Limitation on Disposition of Assets 36
Section 3.10. Limitation on Additional Indebtedness 37
Section 3.11. Filing of Financial Statements, Certificate of No Default, Other Information 39
Section 3.12. Replacement of Master Indenture Obligations 41
Section 3.13. Additions to Excluded Property 42

ARTICLE IV
DEFAULTS.

Section 4.01. Events of Default 42

TABLE OF CONTENTS
(continued)

Page

Section 4.02. Acceleration; Annulment of Acceleration. 44
Section 4.03. Additional Remedies and Enforcement of Remedies. 44
Section 4.04. Application of Moneys After Default 45
Section 4.05. Remedies Not Exclusive 47
Section 4.06. Remedies Vested in the Master Trustee 47
Section 4.07. Master Trustee to Represent Holders 47
Section 4.08. Holders' Control of Proceedings 47
Section 4.09. Termination of Proceedings 47
Section 4.10. Waiver of Event of Default. 48
Section 4.11. Appointment of Receiver 48
Section 4.12. Remedies Subject to Provisions of Law 48
Section 4.13. Notice of Default 49

ARTICLE V
THE MASTER TRUSTEE

Section 5.01. Certain Duties and Responsibilities. 49
Section 5.02. Certain Rights of Master Trustee 50
Section 5.03. Right to Deal in Master Indenture Obligations and Related Bonds 52
Section 5.04. Removal and Resignation of the Master Trustee. 52
Section 5.05. Compensation and Reimbursement 53
Section 5.06. Recitals and Representations 54
Section 5.07. Separate or Co-Master Trustee 54
Section 5.08. Merger or Consolidation 56

ARTICLE VI
SUPPLEMENTS AND AMENDMENTS

Section 6.01. Supplements Not Requiring Consent of Holders 56
Section 6.02. Supplements Requiring Consent of Holders. 57
Section 6.03. Execution and Effect of Supplements. 58
Section 6.04. Amendment of Related Supplements 59

ARTICLE VII
SATISFACTION AND DISCHARGE

Section 7.01. Satisfaction and Discharge of Master Indenture 59

TABLE OF CONTENTS
(continued)

Page

Section 7.02. Payment of Master Indenture Obligations After Discharge of Lien 60

ARTICLE VIII
MISCELLANEOUS PROVISIONS

Section 8.01. Limitation of Rights 60
Section 8.02. Severability 60
Section 8.03. Holidays 60
Section 8.04. Credit Enhancer Deemed Holder of Master Indenture Obligation 61
Section 8.05. Governing Law 61
Section 8.06. Counterparts 61
Section 8.07. Immunity of Individuals 61
Section 8.08. Binding Effect 61
Section 8.09. Notices 61
APPENDIX A TO MASTER INDENTURE EXISTING PERMITTED LIENS A-1
APPENDIX B TO MASTER INDENTURE EXCLUDED PROPERTY B-1

MASTER TRUST INDENTURE

THIS MASTER TRUST INDENTURE (this "Master Indenture"), dated as of December 1, 2021 and effective on the Effective Date (as defined herein), among COMMUNITY HOSPITALS OF CENTRAL CALIFORNIA (the "Corporation"), a California nonprofit corporation, FRESNO COMMUNITY HOSPITAL AND MEDICAL CENTER (d/b/a COMMUNITY HEALTH SYSTEM) ("FCH"), a California nonprofit corporation and THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., a national banking association duly organized and existing under the laws of the United States of America and being qualified to accept and administer the trusts hereby created, as master trustee (as more specifically defined herein, the "Master Trustee"),

W I T N E S S E T H:

WHEREAS, the Corporation and FCH previously entered into that certain Master Indenture of Trust, dated as of May 1, 2007, as supplemented and amended to the date hereof (as so supplemented and amended, the "First Master Indenture"), with the Master Trustee;

WHEREAS, the Corporation and FCH desire to supplement, amend and restate the First Master Indenture by this Master Indenture;

WHEREAS, pursuant to Section 6.02(a) of the First Master Indenture, the Corporation, in its capacity as Obligated Group Representative (as defined herein), and the Master Trustee may supplement and amend the provisions of the First Master Indenture by this Master Indenture with the consent of the Holders (as defined herein) of not less than a majority in aggregate principal amount of the Master Indenture Obligations that are Outstanding on the Effective Date;

WHEREAS, the amendments to the First Master Indenture effected by this Master Indenture are consistent with the provisions of Section 6.02(a) of the First Master Indenture and are not amendments of the type described in subsection (i), (ii) or (iii) of Section 6.02(a) of the First Master Indenture, which amendments would require the consent of all Holders of Outstanding Master Indenture Obligations or all affected Holders of Outstanding Master Indenture Obligations;

WHEREAS, the amendments to the First Master Indenture effected by this Master Indenture will be effective upon the receipt of the consent of the Holders of not less than a majority in aggregate principal amount of the Master Indenture Obligations that are then Outstanding;

WHEREAS, the Corporation and FCH are authorized and deem it necessary and desirable to enter into this Master Indenture for the purpose of providing for the issuance from time to time of Master Indenture Obligations hereunder to provide for the financing or refinancing of the acquisition, construction, equipping or improvement of health care or other facilities, or for other lawful and proper corporate purposes; and

WHEREAS, the Master Trustee agrees to accept and administer the trusts created hereby;

NOW, THEREFORE, in consideration of the premises, of the acceptance by the Master Trustee of the trusts hereby created, and of the giving of consideration for and acceptance of the

Master Indenture Obligations issued hereunder by the Holders thereof, and for the purpose of fixing and declaring the terms and conditions upon which such Master Indenture Obligations are to be issued, authenticated, delivered and accepted by all Persons who shall from time to time be or become Holders thereof, the Corporation and FCH covenant and agree with the Master Trustee for the equal and proportionate benefit of the respective Holders from time to time of Master Indenture Obligations issued hereunder, as follows:

ARTICLE I
DEFINITIONS AND INTERPRETATION

Section 1.01. Definitions. Unless the context otherwise requires, the terms defined in this Section shall for all purposes of this Master Indenture and of any supplemental indenture issued hereafter and of any certificate, opinion or other document herein mentioned, have the meanings herein specified, equally applicable to both singular and plural forms of any of the terms herein defined.

Accountant

"Accountant" means any independent certified public accountant or firm of such accountants selected by the Obligated Group Representative.

Additional Indebtedness

"Additional Indebtedness" means any Indebtedness (including Master Indenture Obligations issued to evidence or secure Indebtedness) incurred subsequent to the execution and delivery of Community Hospitals of Central California Obligation No. 6, dated May 12, 2011; Community Hospitals of Central California Obligation No. 7, dated July 1, 2015; Community Hospitals of Central California Obligation No. 8, dated February 23, 2017; Community Hospitals of Central California Obligation No. 12, dated December 16, 2021; and Community Hospitals of Central California Obligation No. 13, dated December 16, 2021.

Affiliated Corporation

"Affiliated Corporation" means any corporation which, directly or indirectly through one or more intermediaries, controls, is controlled by or is under common control with an Obligated Group Member.

Annual Debt Service

"Annual Debt Service" means for each Fiscal Year the sum (without duplication) of the aggregate amount of principal and interest scheduled to become due and payable in such Fiscal Year on all Long-Term Indebtedness of the Obligated Group then Outstanding (by scheduled maturity, acceleration, mandatory redemption or otherwise, but not including purchase price becoming due as a result of mandatory or optional tender or put), less (1) any amounts of such principal or interest to be paid during such Fiscal Year from (a) the proceeds of Indebtedness or (b) moneys or Government Obligations deposited in trust for the purpose of paying such principal or interest, provided, however, under no circumstances shall such Irrevocable Deposit for regularly scheduled debt service requirements, other than in connection with the refunding and/or

defeasance of Indebtedness, be excluded from the calculation of Annual Debt Service, and (2) any Debt Service Subsidy payable in such Fiscal Year; provided that if an Identified Financial Product Agreement has been entered into by any Member with respect to Long-Term Indebtedness, interest on such Long-Term Indebtedness shall be included in the calculation of Annual Debt Service by including for each Fiscal Year an amount equal to the amount of interest payable on such Long-Term Indebtedness in such Fiscal Year at the rate or rates stated in such Long-Term Indebtedness plus any Financial Product Payments under an Identified Financial Product Agreement payable in such Fiscal Year minus any Financial Product Receipts under an Identified Financial Product Agreement receivable in such Fiscal Year; provided that in no event shall any calculation made pursuant to this clause result in a number less than zero being included in the calculation of Annual Debt Service.

Annual Debt Service Coverage Ratio

"Annual Debt Service Coverage Ratio" means for any Fiscal Year, the ratio determined by dividing Income Available for Debt Service for that Fiscal Year by the Annual Debt Service for such Fiscal Year.

Assumed Term

"Assumed Term" means a period selected by the Obligated Group Representative of up to 30 years; provided, however, for any Master Indenture Obligation that has a stated maturity more than 30 years from the date of the relevant calculation, the Assumed Term for such Master Indenture Obligation shall be a period selected by the Obligated Group Representative up to the stated maturity of such Master Indenture Obligation.

Authorized Representative

"Authorized Representative" means with respect to each Obligated Group Member, its chairman or vice chairman of the board, president, chief executive officer, chief financial officer, or any other person designated as an Authorized Representative of such Obligated Group Member by a Certificate of that Obligated Group Member signed by its chairman or vice chairman of the board, president, chief executive officer or chief financial officer and filed with the Master Trustee.

Balloon Indebtedness

"Balloon Indebtedness" means Long-Term Indebtedness, 15% or more of the principal amount of which (calculated as of the date of issuance) is stated to be due, or at the option of the payee could become due or payable in connection with any required purchase of such Long-Term Indebtedness, during any period of twelve (12) consecutive months if such maturing principal amount is not required to be amortized to an amount below such percentage by mandatory redemption prior to such 12-month period.

Book Value

"Book Value" means, when used in connection with Property, Plant and Equipment or other Property of any Obligated Group Member, the value of such property, net of accumulated depreciation, as it is carried on the books of the Obligated Group Member and in conformity with

GAAP, and when used in connection with Property, Plant and Equipment or other Property of the Obligated Group, means the aggregate of the values so determined with respect to such Property of each Obligated Group Member determined in such a way that no portion of such value of Property of any Obligated Group Member is included more than once. For purposes of performing certain calculations under this Master Indenture, the Obligated Group Representative may treat "total assets" as shown on the audited Obligated Group Financial Statements as the Book Value of the Obligated Group's Property.

Certificate, Statement, Request, Consent or Order

"Certificate," "Statement," "Request," "Consent" or "Order" of any Obligated Group Member means, respectively, a written certificate, statement, request, consent or order signed in the name of such Obligated Group Member by its Authorized Representative. Any such instrument and supporting opinions or certificates, if any, may, but need not, be combined in a single instrument with any other instrument, opinion or certificate and the two or more so combined shall be read and construed as a single instrument. If and to the extent required by Section 1.04, each such instrument shall include the statements provided for in Section 1.04.

Code

"Code" means the Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder.

Completion Indebtedness

"Completion Indebtedness" means any Long-Term Indebtedness incurred for the purpose of financing the completion of construction or equipping of any project for which Long-Term Indebtedness or Interim Indebtedness has theretofore been incurred in accordance with the provisions hereof, to the extent necessary to provide a completed and fully equipped facility of the type and scope contemplated at the time said Long-Term Indebtedness or Interim Indebtedness was incurred, and in accordance with the general plans and specifications for such facility as originally prepared in connection with the incurrence of said Long-Term Indebtedness or Interim Indebtedness as certified by an Officer's Certificate.

Corporate Trust Office

"Corporate Trust Office" means the office of the Master Trustee at which its corporate trust business is conducted, which on the Effective Date, is located at The Bank of New York Mellon Trust Company, 333 S. Hope St., Suite 2525, Los Angeles, CA 90071, Attention: Phong Truong.

Corporation

"Corporation" means Community Hospitals of Central California, a nonprofit corporation duly organized and existing under the laws of the State of California, or any corporation which is the surviving, resulting or transferee corporation in any merger, consolidation or transfer of all or substantially all of the assets permitted under this Master Indenture.

Debt Service Coverage Ratio

"Debt Service Coverage Ratio" means, for any period of time, the ratio determined by dividing Income Available for Debt Service by Maximum Annual Debt Service.

Debt Service Subsidy

"Debt Service Subsidy" means direct subsidy payments payable to an Obligated Group Member (or a Related Bond Issuer on behalf of an Obligated Group Member) pursuant to Section 54AA of the Code with respect to Indebtedness of such Obligated Group Member or Related Bonds, or any similar federal or state program providing for payment to an Obligated Group Member (or a Related Bond Issuer on behalf of an Obligated Group Member) of all or a portion of debt service on Indebtedness of an Obligated Group Member.

Default

"Default" means an event that, with the passage of time or the giving of notice or both, would become an Event of Default.

Effective Date

"Effective Date" means December 16, 2021.

Event of Default

"Event of Default" means any of the events specified in Section 4.01.

Excluded Property

"Excluded Property" means (a) any assets of "employee pension benefit plans" as defined in the Employee Retirement Income Security Act of 1974, as amended, and (b) the real estate described in Appendix B hereto, as amended as provided herein from time to time, and all improvements, fixtures, tangible personal property, and equipment located thereon and used in connection therewith.

Existing Obligations

"Existing Obligations" means Community Hospitals of Central California Obligation No. 6, dated May 12, 2011; Community Hospitals of Central California Obligation No. 7, dated July 1, 2015; Community Hospitals of Central California Obligation No. 8, dated February 23, 2017; Community Hospitals of Central California Obligation No. 12, dated December 16, 2021; and Community Hospitals of Central California Obligation No. 13, dated December 16, 2021.

Extraordinary Items

"Extraordinary Items" means the after-tax financial impact of significant events, transactions, or activities that are both unusual in nature and infrequent in occurrence. Such extraordinary events, transactions or activities include, but are not limited to, the following: (i)

natural disasters (tornado, flood, fire, pandemic), (ii) affiliation or asset acquisitions activities, including direct expenses incurred related to pre-affiliation or acquisition activities, such as, without limitation, legal fees, consultant fees and due diligence costs, as well as post affiliation or acquisition adjustments and (iii) insurance settlements.

Fair Market Value

"Fair Market Value," when used in connection with Property, means the fair market value of such Property as determined by either:

(a) an appraisal of the portion of such Property which is real property made within five years of the date of determination by a "Member of the Appraisal Institute" and by an appraisal of the portion of such Property which is not real property made within five years of the date of determination by any expert qualified in relation to the subject matter, provided that any such appraisal shall be performed by an Independent Consultant and adjusted for the period, not in excess of five years, from the date of the last such appraisal for changes in the implicit price deflator for the gross national product as reported by the United States Department of Commerce or its successor agency, or if such index is no longer published, such other index certified to be comparable and appropriate in an Officer's Certificate delivered to the Master Trustee;

(b) a bona fide offer for the purchase of such Property made on an arm's-length basis within six months of the date of determination, as established by an Officer's Certificate; or

(c) an officer of the Obligated Group Representative (whose determination shall be made in good faith and set forth in an Officer's Certificate filed with the Master Trustee) if the fair market value of such Property as set forth in such Officer's Certificate is less than or equal to the greater of (i) $5,000,000 and (ii) 2.5% of cash and equivalents as shown on the Obligated Group Financial Statements.

FCH

"FCH" means Fresno Community Hospital and Medical Center (d/b/a Community Health System), a nonprofit corporation duly organized and existing under the laws of the State of California or any corporation which is the surviving, resulting or transferee corporation in any merger, consolidation or transfer of all or substantially all of the assets permitted under this Master Indenture.

Financial Product Agreement

"Financial Product Agreement" means any interest rate exchange agreement, hedge or similar arrangement, including, *inter alia*, an interest rate swap, asset swap, a constant maturity swap, a forward or futures contract, cap, collar, option, floor, forward or other hedging agreement, arrangement or security, direct funding transaction or other derivative, however denominated and whether entered into on a current or forward basis.

Financial Product Extraordinary Payments

"Financial Product Extraordinary Payments" means any payments required to be paid to a counterparty by an Obligated Group Member pursuant to a Financial Product Agreement in connection with the termination thereof, tax gross-up payments, expenses, default interest, and any other payments or indemnification obligations to be paid to a counterparty by an Obligated Group Member under a Financial Product Agreement, which payments are not Financial Product Payments.

Financial Product Payments

"Financial Product Payments" means regularly scheduled payments required to be paid to a counterparty by an Obligated Group Member pursuant to a Financial Product Agreement and excluding Financial Product Extraordinary Payments.

Financial Product Receipts

"Financial Product Receipts" means regularly scheduled payments required to be paid to an Obligated Group Member by a counterparty pursuant to a Financial Product Agreement.

Fiscal Year

"Fiscal Year" means the period beginning on September 1 of each year and ending on the next succeeding August 31, or any other twelve-month period hereafter designated by the Obligated Group Representative as the fiscal year of the Obligated Group.

Force Majeure Event

"Force Majeure Event" means any event that is outside of the reasonable control of the Obligated Group Members, including but not limited to acts of God; industrial disturbances; strikes, lockouts or other employee disturbances; acts of public enemies; wars; terrorist acts; insurrections; riots; civil disorder; arrests; restraint of government and people; acts, orders, laws or regulations of any kind of the government of the United States of America, or of any state or locality thereof or any of their departments, agencies, or officials, including their judiciaries, or any civil or military authority that materially restrict the ability of any Obligated Group Member to operate any of its health care facilities or other licensed facilities as intended (including quarantine, stay-at-home, curfew orders, or restrictions on travel or gatherings); epidemics, pandemics, outbreaks of infectious disease or other public health emergencies; landslides; lightening; earthquakes; fires; hurricanes; tornadoes; storms; floods; washouts; droughts; accidents or other casualties; explosions; nuclear accidents; disasters; material inability to obtain labor, materials, food, fuel, electricity, general operational services, or reasonable substitutes; curtailment of proximate transportation facilities; breakage or accidents to machinery, transmission pipes or canals; or material partial or entire failure of utilities.

GAAP

"GAAP" means accounting principles generally accepted in the United States of America, consistently applied.

Governing Body

"Governing Body" means, when used with respect to any Obligated Group Member, its board of directors, board of trustees or other board or group of individuals in which all of the powers of such Obligated Group Member are vested, except for those powers reserved to the corporate membership of such Obligated Group Member by the articles of incorporation or bylaws of such Obligated Group Member.

Government Issuer

"Government Issuer" means any municipal corporation, political subdivision, state, territory or possession of the United States, or any constituted authority or agency or instrumentality of any of the foregoing empowered to issue obligations on behalf thereof, which obligations would constitute Related Bonds hereunder.

Government Obligations

"Government Obligations" means: (1) direct obligations of the United States of America (including obligations issued or held in book-entry form on the books of the Department of the Treasury of the United States of America) or obligations the timely payment of the principal of and interest on which are fully and unconditionally guaranteed by the United States of America; (2) obligations issued or guaranteed by any agency, department or instrumentality of the United States of America if the obligations issued or guaranteed by such entity are rated in one of the two highest Rating Categories of a Rating Agency; (3) certificates which evidence ownership of the right to the payment of the principal of and interest on obligations described in clauses (1) and/or (2), provided that such obligations are held in the custody of a bank or trust company in a special account separate from the general assets of such custodian; and (4) obligations the interest on which is excluded from gross income for purposes of federal income taxation pursuant to Section 103 of the Code, and the timely payment of the principal of and interest on which is fully provided for by the deposit in trust of cash and/or obligations described in clauses (1), (2) and/or (3).

Gross Receivables

"Gross Receivables" means all accounts, chattel paper, instruments, and payment intangibles; excluding, however, any of the foregoing in which a security interest cannot be granted under applicable law, and excluding any grant, gift, bequest, contribution or other donation specifically restricted to an object or purpose inconsistent with their use for payment of Required Payments.

Guaranty

"Guaranty" means any obligation of any Obligated Group Member guaranteeing, directly or indirectly, any obligation of any other Person which would, if such other Person were an Obligated Group Member, constitute Indebtedness.

Holder

"Holder" means the registered owner of any Master Indenture Obligation in registered form or the bearer of any Master Indenture Obligation in coupon form which is not registered or is registered to bearer or the party or parties to any contractual obligation designated to be a Master Indenture Obligation set forth in a Related Supplement and identified therein as the party to whom payment is due thereunder or the "holder" thereof.

Identified Financial Product Agreement

"Identified Financial Product Agreement" means a Financial Product Agreement identified to the Master Trustee in an Officer's Certificate as having been entered into by an Obligated Group Member with a Qualified Provider with respect to Indebtedness (which is either then-Outstanding or to be issued after the date of such Officer's Certificate) identified in such Certificate.

Immaterial Affiliates

"Immaterial Affiliates" means Persons that are not Members of the Obligated Group and whose combined or consolidated unrestricted net assets, as shown on their financial statements for their most recently completed fiscal year, were less than 15% of the sum of (i) the combined or consolidated unrestricted net assets of the Obligated Group as shown on the Obligated Group Financial Statements, and (ii) the unrestricted net assets of such Persons as if they were Members of the Obligated Group for such period, for the most recently completed Fiscal Year of the Obligated Group.

Income Available for Debt Service

"Income Available for Debt Service" means, unless the context provides otherwise, with respect to the Obligated Group as to any period of time, excess of revenues over expenses (excluding income from all Irrevocable Deposits) before depreciation, amortization, and interest expense (including Financial Product Payments and Financial Product Receipts on Identified Financial Product Agreements), as determined in accordance with GAAP and as shown on the Obligated Group Financial Statements; provided, that no determination thereof shall take into account:

(a) except as permitted by Section 3.11(c), any revenue or expense of a Person which is not a Member of the Obligated Group (and for the avoidance of doubt, revenue or expense of a Person that becomes a Member of the Obligated Group shall not be included to the extent attributable to the period prior to such Person becoming an Obligated Group Member);

(b) gifts, grants, bequests, donations or contributions, to the extent specifically restricted by the donor to a particular purpose inconsistent with their use for the payment of Required Payments or the payment of operating expenses;

(c) the net proceeds of insurance (other than business interruption insurance) and condemnation awards;

(d) any gain or loss resulting from the extinguishment of Indebtedness or Financial Product Agreements;

(e) any gain or loss resulting from the sale, exchange or other disposition of capital assets not in the ordinary course of business;

(f) any gain or loss resulting from any discontinued operations;

(g) any gain or loss resulting from pension terminations, settlements or curtailments;

(h) any unusual charges for employee severance;

(i) any loss from impairment of the value of an asset;

(j) adjustments to the value of assets or liabilities resulting from changes in GAAP;

(k) unrealized gains or losses on investments, including "other than temporary" declines in Book Value;

(l) gains or losses resulting from changes in valuation of any hedging, derivative, interest rate exchange or similar contract, including, without limitation, any Financial Product Agreement;

(m) any Financial Product Extraordinary Payments or similar payments on any hedging, derivative, interest rate exchange or similar contract that does not constitute a Financial Product Agreement;

(n) any Financial Product Payments or Financial Product Receipts with respect to Identified Financial Product Agreements, if such Financial Product Payments or Financial Product Receipts are used in calculating Annual Debt Service;

(o) income from moneys or Government Obligations deposited in trust for the purpose of paying principal or interest on Long-Term Indebtedness, if such principal or interest are excluded from the calculation of Annual Debt Service to which such Income Available for Debt Service is be compared;

(p) any items in a Person's financial statements for a particular fiscal year that are the result of or required by any correction, adjustment or restatement of, or the retrospective application of accounting standards to, such Person's financial statements for any other fiscal year;

(q) unrealized gains or losses from the write-up or write-down, reappraisal or revaluation of assets, or pension adjustments;

(r) any revenues or expenses resulting from a forgiveness of, or the establishment of reserves against, Indebtedness;

(s) any gains or losses or revenues or expenses attributable to transactions between any Obligated Group Member and any other Obligated Group Member;

(t) any gains or losses that are Extraordinary Items and any expenses that are Extraordinary Items; or

(u) other nonrecurring items of any extraordinary nature which do not involve the receipt, expenditure or transfer of assets, or any other non-cash expenses.

For the purposes of calculating Income Available for Debt Service, with respect to realized gains or losses, the Obligated Group Representative may, at its option, calculate such realized gains or losses as the average of the most recent three (3) Fiscal Years.

Indebtedness

"Indebtedness" means any Guaranty (other than any Guaranty by any Obligated Group Member of Indebtedness of any other Obligated Group Member) and any obligation of any Obligated Group Member (a) for repayment of borrowed money other than intercompany loans between Obligated Group Members, (b) with respect to finance leases or (c) under installment sale agreements; provided, however, that if more than one Obligated Group Member shall have incurred or assumed a Guaranty of a Person other than an Obligated Group Member, or if more than one Obligated Group Member shall be obligated to pay any obligation, for purposes of any computations or calculations under this Master Indenture such Guaranty or obligation shall be included only one time. Financial Product Agreements, trade payables, accrued expenses payable in the normal course of business, physician income guaranties, operating leases and obligations to repay Medicare, Medicaid or other insurance provider advance payments pursuant to provider relief programs shall not constitute Indebtedness.

Independent Consultant

"Independent Consultant" means a firm (but not an individual) which (1) is in fact independent, (2) does not have any direct financial interest or any material indirect financial interest in any Obligated Group Member (other than the agreement pursuant to which such firm is retained), (3) is not connected with any Obligated Group Member as an officer, employee, promoter, trustee, partner, director or person performing similar functions and (4) is qualified to pass upon questions relating to the financial affairs of organizations similar to the Obligated Group or facilities of the type or types operated by the Obligated Group and having the skill and experience necessary to render the particular opinion or report required by the provision hereof in which such requirement appears.

Index Rate

"Index Rate" means, at the option of the Obligated Group Representative, as to any Indebtedness: (a) the "25-Bond Revenue" index rate for 30-year tax-exempt revenue bonds, as published by *The Bond Buyer* on any date selected by the Obligated Group Representative that is within 60 days prior to the date of any calculation made with respect to the Index Rate, or an index reasonably comparable to the "25-Bond Revenue" index rate for 30-year tax-exempt revenue bonds, such alternative index to be selected by the Obligated Group Representative, (b) the

weighted average coupon or, if applicable, arbitrage yield calculated for federal tax purposes of such Indebtedness, as selected by the Obligated Group Representative and specified in an Officer's Certificate of the Obligated Group Representative, (c) the SIFMA Swap Index, or (d) such other interest rate or interest index as may selected by the Obligated Group Representative and specified in an Officer's Certificate of the Obligated Group Representative as appropriate to the situation.

Industry Restrictions

"Industry Restrictions" means federal, state or other applicable governmental laws or regulations, including conditions imposed specifically on the Obligated Group Members or the Obligated Group Members' facilities, or general industry standards or general industry conditions placing restrictions and limitations on the rates, fees and charges to be fixed, charged and collected by the Obligated Group Members.

Interim Indebtedness

"Interim Indebtedness" means Indebtedness with an original maturity not in excess of one year, the proceeds of which are to be used to provide interim financing for capital improvements in anticipation of the issuance of Long-Term Indebtedness. Interim Indebtedness shall be considered Long-Term Indebtedness for purposes of this Master Indenture.

Irrevocable Deposit

"Irrevocable Deposit" means the irrevocable deposit in trust of cash in an amount, or Government Obligations, or other securities permitted for such purpose pursuant to the terms of the documents governing the payment or discharge of Indebtedness, the principal of and interest on which will be payable in amounts and under terms sufficient to pay all or a portion of the principal of, premium, if any, and interest on, as the same shall become due, any such Indebtedness which would otherwise be considered Outstanding. The trustee of such deposit may be the Master Trustee, a Related Bond Trustee or any other trustee or escrow agent authorized to act in such capacity.

Lien

"Lien" means any mortgage or pledge of, or security interest in, or lien or encumbrance on, any Property of an Obligated Group Member, which secures any obligation of any Person, excluding liens applicable to Property in which an Obligated Group Member has only a leasehold interest unless the lien secures Indebtedness of that Obligated Group Member.

Long-Term Indebtedness

"Long-Term Indebtedness" means Indebtedness other than Short-Term Indebtedness.

Master Indenture

"Master Indenture" means this Master Indenture, as originally executed and as it may from time to time be supplemented, modified or amended in accordance with the terms hereof.

Master Indenture Obligation

"Master Indenture Obligation" means any obligation of the Obligated Group issued pursuant to Section 2.02, as a joint and several obligation of each Obligated Group Member, which may be in any form set forth in a Related Supplement, including, but not limited to, bonds, notes, obligations, debentures, reimbursement agreements, loan agreements, Financial Product Agreements or leases; provided, however, with respect to any Financial Product Agreement, a Master Indenture Obligation shall be deemed outstanding under this Master Indenture solely for the purpose of receiving Required Payments under this Master Indenture and shall not be entitled to exercise any rights under this Master Indenture, including without limitation the right to vote or control remedies and any Master Indenture Obligations issued to secure any Financial Product Agreement shall not be deemed to be Outstanding for any purpose other than the right to receive payment of amounts due thereunder equally and ratably with all other Master Indenture Obligations. Reference to a Series of Master Indenture Obligations or to Master Indenture Obligations of a Series means Master Indenture Obligations or Series of Master Indenture Obligations issued pursuant to a single Related Supplement.

Master Trustee

"Master Trustee" means The Bank of New York Mellon Trust Company, N.A., a national banking association organized under the laws of the United States of America, and, subject to the limitations contained in Section 5.07, any other corporation or association that may be co-trustee with the Master Trustee, and any successor or successors to said trustee or co-trustee in the trusts created hereunder.

Material Obligated Group Members

"Material Obligated Group Members" means the Obligated Group Members whose combined or consolidated unrestricted net assets, as shown on their financial statements for their most recently completed fiscal year, were equal to or greater than 85% of the combined or consolidated unrestricted net assets of the entire Obligated Group as shown on the Obligated Group Financial Statements for the most recently completed Fiscal Year of the Obligated Group.

Maximum Annual Debt Service

"Maximum Annual Debt Service" means the greatest amount of Annual Debt Service becoming due and payable in any Fiscal Year including the Fiscal Year in which the calculation is made or any subsequent Fiscal Year; provided, however, that any one of the following adjustments shall apply at the election of the Obligated Group Representative for the purposes of computing Maximum Annual Debt Service:

(a) with respect to a Guaranty, (i) if the Obligated Group Members have made a payment pursuant to such Guaranty, 100% of the Annual Debt Service (calculated as if such Person were an Obligated Group Member) guaranteed by the Obligated Group Members under the Guaranty shall be included in the calculation of Annual Debt Service in the year in which such payment was made and for two Fiscal Years thereafter and (ii) otherwise, the Guaranty shall be excluded from the calculation of Annual Debt Service;

(b) if interest on Long-Term Indebtedness is payable pursuant to a variable interest rate formula (or if Financial Product Payments under an Identified Financial Product Agreement or Financial Product Receipts under an Identified Financial Product Agreement are determined pursuant to a variable rate formula), the interest rate on such Long-Term Indebtedness (or the variable rate formula for such Financial Product Payments under an Identified Financial Product Agreement or Financial Product Receipts under an Identified Financial Product Agreement) for periods when the actual interest rate cannot yet be determined shall be assumed to be equal to (i) if such Long-Term Indebtedness (or Identified Financial Product Agreement) was Outstanding during the twelve (12) calendar months immediately preceding the date of calculation, an average of the interest rates per annum which were in effect, and (ii) if such Long-Term Indebtedness (or Identified Financial Product Agreement) was not Outstanding during the twelve (12) calendar months immediately preceding the date of calculation, at the election of the Obligated Group Representative, (x) an average of the SIFMA Swap Index during the twelve (12) calendar months immediately preceding the date of calculation, (y) an average of the interest rates per annum which would have been in effect for any twelve (12) consecutive calendar months during the eighteen (18) calendar months immediately preceding the date of calculation or (z) the Index Rate, in each case, as selected by the Obligated Group Representative and specified in an Officer's Certificate or, at the sole option of the Obligated Group Representative, such interest rate as shall be specified in a written statement from an investment banking or financial advisory firm selected by the Obligated Group Representative;

(c) if moneys or Government Obligations have been deposited with a trustee or escrow agent in an amount, together with earnings thereon, sufficient to pay all or a portion of the principal of or interest on Long-Term Indebtedness as it comes due, such principal or interest, as the case may be, to the extent provided for, shall not be included in computations of Maximum Annual Debt Service, provided, however, principal or interest shall be excluded from the calculation of Maximum Annual Debt Service only if the moneys or Government Obligations on deposit with a trustee or escrow agent shall be in connection with the refunding and/or defeasance of Indebtedness;

(d) debt service on Long-Term Indebtedness incurred to finance capital improvements shall be included in the calculation of Maximum Annual Debt Service only in proportion to the amount of interest on such Long-Term Indebtedness which is payable in the then current Fiscal Year from sources other than proceeds of such Long-Term Indebtedness (other than proceeds deposited in debt service reserve funds) held by a trustee or escrow agent for such purpose;

(e) with respect to Balloon Indebtedness or Interim Indebtedness, such Balloon Indebtedness or Interim Indebtedness shall be treated, at the sole option of the Obligated Group Representative, as Long-Term Indebtedness (i) bearing interest at an interest rate equal to either (A) if such Indebtedness bears interest pursuant to a variable interest rate formula, a rate determined in accordance with subsection (b) of this definition, or (B) a fixed rate equal to the Index Rate selected by the Obligated Group Representative, or (C) such interest rate as shall be specified in a written statement from an investment banking or financial advisory firm selected by the Obligated Group Representative, and (ii) subject to amortization with substantially level debt service over a period of up to thirty (30) years from the date of calculation or, if the stated maturity of the Balloon Indebtedness is in excess of 30 years, a period equal to the stated maturity of the

Balloon Indebtedness (which period shall be designated by the Obligated Group Representative) from the date of calculation; or

(f) if applied to all of the Outstanding Long-Term Indebtedness of the Obligated Group, it may be assumed that (i) the principal balance of such Long-Term Indebtedness will be refinanced on the date of such calculation, (ii) such principal balance will be payable over the Assumed Term from the date of such calculation, (iii) such principal balance will bear interest at the Index Rate from the date of such calculation, and (iv) the interest and principal on such Long-Term Indebtedness will be payable in equal annual installments or an alternate schedule of amortization sufficient to pay the principal of and interest over the Assumed Term.

Merger Transaction

"Merger Transaction" has the meaning set forth in Section 3.06.

Nonrecourse Indebtedness

"Nonrecourse Indebtedness" means any Indebtedness which is not a general obligation and which is secured by a Lien on Property, Plant and Equipment acquired or constructed with the proceeds of such Indebtedness, liability for which is effectively limited to the Property, Plant and Equipment subject to such Lien with no recourse, directly or indirectly, to any other Property of any Obligated Group Member.

Obligated Group

"Obligated Group" means all Obligated Group Members.

Obligated Group Financial Statements

"Obligated Group Financial Statements" has the meaning set forth in Section 3.11.

Obligated Group Member or Member

"Obligated Group Member" or "Member" means each Person that is obligated hereunder from and after the date upon which such Person joins the Obligated Group, but excluding any Person that withdraws from the Obligated Group to the extent and in accordance with the provisions of Section 3.08, from and after the date of such withdrawal.

Obligated Group Representative

"Obligated Group Representative" means the Corporation or such other Obligated Group Member (or Obligated Group Members acting jointly) as may have been designated pursuant to written notice to the Master Trustee executed by the Corporation or a successor Obligated Group Representative.

Officer's Certificate

"Officer's Certificate" means a certificate signed by an Authorized Representative of the Obligated Group Representative.

Opinion of Bond Counsel

"Opinion of Bond Counsel" means a written opinion signed by an attorney or firm of attorneys experienced in the field of public finance whose opinions are generally accepted by purchasers of bonds issued by or on behalf of a Government Issuer.

Opinion of Counsel

"Opinion of Counsel" means a written opinion signed by an attorney or firm of attorneys experienced in the field of public finance whose opinions are generally accepted by purchasers of bonds issued by or on behalf of a Government Issuer.

Outstanding

"Outstanding," when used with reference to Indebtedness or Master Indenture Obligations, means, as of any date of determination, all Indebtedness or Master Indenture Obligations theretofore issued or incurred and not paid and discharged other than (1) Master Indenture Obligations theretofore cancelled by the Master Trustee or delivered to the Master Trustee for cancellation or otherwise deemed paid in accordance with the terms hereof, (2) Master Indenture Obligations in lieu of which other Master Indenture Obligations have been authenticated and delivered or which have been paid pursuant to the provisions of a Related Supplement regarding mutilated, destroyed, lost or stolen Master Indenture Obligations unless proof satisfactory to the Master Trustee has been received that any such Master Indenture Obligation is held by a bona fide purchaser, (3) any Master Indenture Obligation held by any Obligated Group Member and (4) Indebtedness deemed paid and no longer outstanding pursuant to the terms thereof; provided, however, that if two or more obligations which constitute Indebtedness represent the same underlying obligation (as when a Master Indenture Obligation secures an issue of Related Bonds and another Master Indenture Obligation secures repayment obligations to a bank under a letter of credit which secures such Related Bonds) for purposes of calculating compliance with the various financial covenants contained herein, but only for such purposes, only one of such Master Indenture Obligations shall be deemed Outstanding and the Master Indenture Obligation so deemed to be Outstanding shall be the Master Indenture Obligation which produces the greatest amount of Annual Debt Service to be included in the calculation of such covenants.

Parity Financial Product Extraordinary Payments

"Parity Financial Product Extraordinary Payments" means Financial Product Extraordinary Payments that (1) are payable with respect to a Financial Product Agreement secured or evidenced by a Master Indenture Obligation and (2) have been specified to be payable on a parity with Financial Product Payments in the Related Supplement authorizing the issuance of such Master Indenture Obligation.

Permitted Liens

"Permitted Liens" means and include:

(a) Any judgment lien or notice of pending action against any Obligated Group Member so long as the judgment or pending action is being contested and execution thereon is stayed or while the period for responsive pleading has not lapsed;

(b) (i) Rights reserved to or vested in any municipality or public authority by the terms of any right, power, franchise, grant, license, permit or provision of law, affecting any Property; (ii) any liens on any Property for taxes, assessments, levies, fees, water and sewer charges, and other governmental and similar charges and any liens of mechanics, materialmen, laborers, suppliers or vendors for work or services performed or materials furnished in connection with such Property, which are not delinquent, or the amount or validity of which are being contested and execution thereon is stayed or, with respect to liens of mechanics, materialmen and laborers, have been due and payable for less than ninety (90) days, or the amount or validity of which are being contested; (iii) easements, rights-of-way, servitudes, restrictions and other minor defects, encumbrances, and irregularities in the title to any Property which do not materially impair the use of such Property or materially and adversely affect the Value thereof; and (iv) rights reserved to or vested in any municipality or public authority to control or regulate any Property or to use such Property in any manner, which rights do not materially impair the use of such Property in any manner, or materially and adversely affect the Value thereof;

(c) Any Lien described in **Appendix A** to this Master Indenture which is existing on the Effective Date or as **Appendix A** may be supplemented upon addition of an Obligated Group Member with respect to Liens existing on the Property of such additional Obligated Group Member, provided that no such Lien (or the amount of Indebtedness or other obligations secured thereby) may be increased, extended, renewed or modified to apply to any Property of any Obligated Group Member not subject to such Lien on such date, unless such Lien as so extended, renewed or modified otherwise qualifies as a Permitted Lien;

(d) Any Lien in favor of the Master Trustee securing all Outstanding Master Indenture Obligations equally and ratably;

(e) Liens arising by reason of good faith deposits with any Obligated Group Member in connection with leases of real estate, bids or contracts (other than contracts for the payment of money), deposits by any Obligated Group Member to secure public or statutory obligations, or to secure, or in lieu of, surety, stay or appeal bonds, and deposits as security for the payment of taxes or assessments or other similar charges;

(f) Any Lien arising by reason of deposits with, or the giving of any form of security to, any governmental agency or any other body created or approved by law or governmental regulation as a condition to the transaction of any business or the exercise of any privilege or license, or to enable any Obligated Group Member to maintain self-insurance or to participate in any funds established to cover any insurance risks or in connection with workers' compensation, unemployment insurance, pension or profit sharing plans or other similar social

security plans, or to share in the privileges or benefits required for companies participating in such arrangements;

(g) Any Lien arising by reason of any escrow or reserve fund established to pay debt service or the redemption price or purchase price with respect to Indebtedness;

(h) Any Lien in favor of a trustee on the proceeds of Indebtedness prior to the application of such proceeds;

(i) Liens on moneys deposited by patients or others with any Obligated Group Member as security for or as prepayment for the cost of patient care;

(j) Liens on Property received by any Obligated Group Member through gifts, grants, bequests or research grants, such Liens being due to restrictions on such gifts, grants, bequests or research grants or the income thereon, up to the Fair Market Value of such Property;

(k) Rights of the United States of America, including, without limitation, the Federal Emergency Management Agency ("FEMA"), or the State, by reason of FEMA and other federal and State funds made available to any Obligated Group Member under federal or State statutes;

(l) Liens on Property securing Indebtedness incurred to refinance Indebtedness previously secured by a Lien on such Property, provided that (i) the principal amount of such new Indebtedness does not exceed the principal amount of such refinanced Indebtedness by more than 10%, (ii) the Value of the Property securing such Indebtedness is not materially increased, and (iii) the obligor with respect to such Indebtedness, whether direct or contingent, is not changed unless such Indebtedness is permitted under Section 3.10;

(m) Liens granted by an Obligated Group Member to another Obligated Group Member;

(n) Liens securing Nonrecourse Indebtedness incurred pursuant to the provisions hereof;

(o) Liens consisting of purchase money security interests (as defined in the UCC) and lessors' interest in finance leases;

(p) Liens on the Obligated Group Members' accounts receivable securing Indebtedness in an amount not to exceed 25% of the Obligated Group Members' net accounts receivable;

(q) Liens on revenues constituting rentals in connection with any other Lien permitted hereunder on the Property from which such rentals are derived;

(r) The lease or license of the use of a part of the Obligated Group Members' facilities for use in performing professional or other services necessary for the proper and economical operation of such facilities in accordance with customary business practices in the industry;

(s) Liens created on amounts deposited by an Obligated Group Member pursuant to a security annex or similar document to collateralize obligations of such Obligated Group Member under a Financial Product Agreement;

(t) Liens junior to Liens in favor of the Master Trustee;

(u) Liens in favor of banking or other depository institutions encumbering the deposits of any Obligated Group Member held by such banking or other depository institution (including any right of setoff or statutory bankers' liens);

(v) Any leases, licenses or similar rights existing as of the date of the initial execution and delivery of this Master Indenture and any renewals and extensions thereof, and any leases, licenses or similar rights to use Property whereunder a Member of the Obligated Group is lessee, licensee or the equivalent thereof;

(w) Rights of tenants under leases or rental agreements pertaining to Property, Plant and Equipment owned by any Obligated Group Member so long as the lease arrangement is in the ordinary course of business of the Obligated Group Member;

(x) Deposits of Property by any Obligated Group Member to meet regulatory requirements for a governmental workers' compensation, unemployment insurance or social security program, other than any Lien imposed by ERISA;

(y) Deposits to secure the performance of another party with respect to a bid, trade contract, statutory obligation, surety bond, appeal bond, performance bond or lease, and other similar obligations incurred in the ordinary course of business of an Obligated Group Member;

(z) Liens resulting from deposits to secure bids from or the performance of another party with respect to contracts incurred in the ordinary course of business of an Obligated Group Member (other than contracts creating or evidencing an extension of credit to the depositor or otherwise for the payment of Indebtedness);

(aa) Present or future zoning laws, ordinances or other laws or regulations restricting the occupancy, use or enjoyment of Property, Plant and Equipment of any Obligated Group Member;

(bb) Any Lien on inventory that does not exceed 25% of the Value thereof;

(cc) Any Lien on Property due to the rights of third-party payors for recoupment of amounts paid to any Obligated Group Member;

(dd) Any Lien existing for not more than 10 days after the Obligated Group Member shall have received notice thereof;

(ee) Any Lien on Excluded Property;

(ff) Liens on Property acquired by an Obligated Group Member if (i) the Lien and the Indebtedness secured thereby were created and incurred by a Person other than an

Obligated Group Member prior to the acquisition of such Property by such Member, (ii) the Lien was created prior to the decision of the Obligated Group Member to acquire the Property and was not created for the purpose of enabling an Obligated Group Member to avoid the limitations hereof on creation of Liens on Property of the Obligated Group, and (iii) such Lien may not be increased, extended, renewed or modified to apply to any Property not subject to such Lien at the time it was created;

(gg) Liens resulting from a Person becoming an Obligated Group Member pursuant to Section 3.07 or from a consolidation, merger or acquisition of assets pursuant to Section 3.06 hereof;

(hh) Any Lien on accounts receivable of a Member of the Obligated Group and on amounts due to a Member of the Obligated Group from Medicare, Medicaid and other third party payors, and proceeds thereof;

(ii) Liens on any part of the Property constituting real property and improvements thereon; provided that (i) the granting of such Lien is necessary to obtain financing for the construction of a structure or building upon such part of the Property, and (ii) the severance of such part of the Property upon foreclosure of such Lien will not render the remaining Property in violation of applicable zoning, building or land use laws;

(jj) Liens on Property due to rights of third party payors for recoupment of excess reimbursement amounts paid to any Obligated Group Member;

(kk) Liens on real property constituting Property not necessary for the delivery of patient care by any Obligated Group Member;

(ll) Liens securing the interest of a vendor or lessor under any conditional sale agreement, capital lease or other title agreement;

(mm) Any Liens arising from an Obligated Group Member's participation in an accountable care organization or other similar health care delivery organization (collectively, a "Provider Group Arrangement") pursuant to which the Obligated Group Member is responsible for its own or one or more other health care provider's withholding, deductible, shared savings, or other payments due with respect to contractual arrangements with governmental or third party payors, and Liens on revenues held by such Obligated Group Member on behalf of other participants to a Provider Group Arrangement; and

(nn) Any other Lien on Property provided that the Value of all Property encumbered by all Liens permitted as described in this clause (nn) does not exceed 20% of the sum of the Value of all Property of the Obligated Group Members, calculated at the time of creation of such Lien.

Person

"Person" means an individual, corporation, limited liability company, firm, association, partnership, trust or other legal entity or group of entities, including a governmental entity or any agency or political subdivision thereof.

Property

"Property" means any and all rights, titles and interests in and to any and all assets of any Obligated Group Member, whether real or personal, tangible or intangible and wherever situated, other than donor restricted funds and Excluded Property. For purposes of performing certain calculations under this Master Indenture, the Obligated Group Representative may treat "total assets" as shown on the audited Obligated Group Financial Statements as the Book Value of the Obligated Group's Property.

Property, Plant and Equipment

"Property, Plant and Equipment" means all Property of any Obligated Group Member which is considered property, plant and equipment of such Obligated Group Member under GAAP.

Qualified Provider

"Qualified Provider" means any financial institution or insurance company or corporation which is a party to a Financial Product Agreement if (i) the unsecured long-term debt obligations of such provider (or of the parent or a subsidiary of such provider if such parent or subsidiary guarantees or otherwise assures the performance of such provider under such Financial Product Agreement), or (ii) obligations secured or supported by a letter of credit, contract, guarantee, agreement, insurance policy or surety bond issued by such provider (or such guarantor or assuring parent or subsidiary), are rated in one of the three highest Rating Categories of a Rating Agency at the time of the execution and delivery of the Financial Product Agreement.

Rating Agency

"Rating Agency" means Moody's Investors Service, Inc., Standard & Poor's, a division of The McGraw-Hill Companies, and any other national rating agency then rating Master Indenture Obligations or Related Bonds.

Rating Category

"Rating Category" means a generic securities rating category, without regard to any refinement or gradation of such rating category by a numerical modifier, outlook or otherwise.

Related Bond Indenture

"Related Bond Indenture" means any indenture, bond resolution, trust agreement or other comparable instrument pursuant to which a series of Related Bonds is issued.

Related Bond Issuer

"Related Bond Issuer" means the Government Issuer or Obligated Group Member of any issue of Related Bonds.

Related Bond Trustee

"Related Bond Trustee" means the trustee and its successors in the trusts created under any Related Bond Indenture, and if there is no such trustee, means the Related Bond Issuer.

Related Bonds

"Related Bonds" means (i) the revenue bonds or other obligations (including, without limitation, installment sale or lease obligations evidenced by certificates of participation) issued by any Government Issuer, the proceeds of which are loaned or otherwise made available to an Obligated Group Member in consideration of the execution, authentication and delivery of a Master Indenture Obligation or Master Indenture Obligations to or for the order of such Government Issuer and (ii) revenue bonds or other obligations (including, without limitation, installment sale or lease obligations evidenced by certificates of participation) directly issued by an Obligated Group Member and secured by a Master Indenture Obligation.

Related Supplement

"Related Supplement" means an indenture supplemental to, and authorized and executed pursuant to the terms of, this Master Indenture.

Required Payment

"Required Payment" means any payment, whether at maturity, by acceleration, upon proceeding for redemption or otherwise, including without limitation, Financial Product Payments, Parity Financial Product Extraordinary Payments and the purchase price of Related Bonds tendered or deemed tendered for purchase pursuant to the terms of a Related Bond Indenture, required to be made by any Obligated Group Member pursuant to any Related Supplement or any Master Indenture Obligation. For the avoidance of doubt, "Required Payment" shall not include any Financial Product Extraordinary Payments other than Parity Financial Product Extraordinary Payments.

Responsible Officer

"Responsible Officer" means, with respect to the Master Trustee, any managing director, any vice president, any assistant vice president, any assistant secretary, any assistant treasurer or any other officer of the Master Trustee customarily performing functions similar to those performed by the persons above designated or to whom any corporate trust matter is referred because of such person's knowledge of and familiarity with the particular subject and having direct responsibility for the administration of this Master Indenture.

Restricted Moneys

"Restricted Moneys" means the proceeds of any grant, gift, bequest, contribution or other donation (and, to the extent subject to the applicable restrictions, the investment income derived from the investment of such proceeds) specifically restricted by the donor or grantor to an object or purpose inconsistent with their use for the payment of Required Payments or operating expenses.

Short-Term Indebtedness

"Short-Term Indebtedness" means all Indebtedness (other than Interim Indebtedness) having an original maturity less than or equal to one year and not renewable at the option of an Obligated Group Member for a term greater than one year from the date of original incurrence or issuance, or Indebtedness with a maturity greater than one year or renewable at the option of an Obligated Group Member for a term greater than one year if, by the terms of such Indebtedness, for a period of at least twenty (20) consecutive days during each calendar year the Outstanding principal amount of Short-Term Indebtedness is reduced to an amount which shall not exceed 3% of Total Revenues. For purposes of this definition, (i) only the stated maturity of Indebtedness (and not any tender or put right of the holder of such Indebtedness) shall be taken into account in determining if such Indebtedness constitutes Short-Term Indebtedness hereunder and (ii) classification of Indebtedness as current or short-term under GAAP shall not be controlling. Interim Indebtedness shall not constitute Short-Term Indebtedness for any purpose under this Master Indenture.

SIFMA Swap Index

"SIFMA Swap Index" means, on any date, a rate determined on the basis of the seven-day high grade market index of tax-exempt variable rate demand obligations, as produced by Municipal Market Data and published or made available by the Securities Industry & Financial Markets Association (formerly The Bond Market Association) ("SIFMA") or any Person acting in cooperation with or under the sponsorship of SIFMA or, if such index is no longer available, "SIFMA Swap Index" shall refer to an index selected by the Obligated Group Representative with the advice of an investment banking or financial services firm knowledgeable in health care matters.

State

"State" means the State of California.

Subordinated Indebtedness

"Subordinated Indebtedness" means Long-Term Indebtedness specifically subordinated as to payment and security to the payment of all Required Payments and other obligations of the Obligated Group Members under this Master Indenture.

Surviving Entity

"Surviving Entity" has the meaning set forth in Section 3.06.

Total Revenues

"Total Revenues" means, for the period of calculation in question, the sum of operating revenue (including net patient service revenue, premium revenue and other revenue) and nonoperating gains (losses), as shown on the Obligated Group Financial Statements for the most recent Fiscal Year for which Obligated Group Financial Statements have been delivered.

Transaction Test

"Transaction Test" means, with respect to any specified transaction, that (i) no Event of Default or Default then exists and (ii) if such transaction had occurred as of the first day of the most recent full Fiscal Year preceding such transaction for which audited Obligated Group Financial Statements are available, the Obligated Group would have been able to satisfy the conditions for the issuance of $1.00 of additional Long-Term Indebtedness set forth in Section 3.10(a)(i) or (ii) as of the final day of such full Fiscal Year, taking into account the impact of the transaction on Income Available for Debt Service generated for such Fiscal Year.

UCC

"UCC" means the Uniform Commercial Code of the State, as amended from time to time.

Value

"Value," when used with respect to Property, means the aggregate value of all such Property, with each component of such Property valued, at the option of the Obligated Group Representative, at either its Fair Market Value or its Book Value.

Section 1.02. Interpretation.

(a) Any reference herein to any officer of an Obligated Group Member shall include those succeeding to the functions, duties or responsibilities of such officer pursuant to or by operation of law or who are lawfully performing the functions of such officer.

(b) Unless the context otherwise indicates, words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders. The singular shall include the plural and vice versa.

(c) Headings of Articles and Sections herein and the table of contents hereto are solely for convenience of reference, and do not constitute a part hereof and shall not affect the meaning, construction or effect hereof.

(d) Terms used herein that are defined in the UCC and not otherwise defined herein shall have the meanings set forth in the UCC, unless the context requires otherwise.

Section 1.03. References to Master Indenture. The terms "hereby," "hereof," "hereto," "herein," "hereunder," and any similar terms, used in this Master Indenture refer to this Master Indenture.

Section 1.04. Contents of Certificates and Opinions; Use of GAAP.

(a) Every Certificate or opinion provided for herein with respect to compliance with any provision hereof shall include: (i) a statement that the Person making or giving such Certificate or opinion has read such provision and the definitions herein relating thereto; (ii) a

brief statement as to the nature and scope of the examination or investigation upon which the certificate or opinion is based; (iii) a statement that, in the opinion of such Person, such Person has made, or caused to be made, such examination or investigation as is necessary to enable such Person to provide the Certificate or express an informed opinion with respect to the subject matter referred to in the instrument to which such Person's signature is affixed; and (iv) a statement as to whether, in the opinion of such Person, such provision has been satisfied.

(b) Any such Certificate or opinion made or given by an officer of an Obligated Group Member or the Master Trustee may be based, insofar as it relates to legal, accounting or health care matters, upon a Certificate or opinion or representation of counsel, an accountant or Independent Consultant unless such officer knows, or in the exercise of reasonable care should have known, that the Certificate, opinion or representation with respect to the matters upon which such Certificate or opinion may be based, as aforesaid, is erroneous. Any such Certificate, opinion or representation made or given by counsel, an accountant or an Independent Consultant, may be based, insofar as it relates to factual matters (with respect to which information is in the possession of any Obligated Group Member) upon the Certificate or opinion of, or representation by an officer of any Obligated Group Member unless such counsel, accountant or Independent Consultant knows that the Certificate, opinion of or representation by such officer, with respect to the factual matters upon which such Person's Certificate or opinion may be based, is erroneous. The same officer of any Obligated Group Member or the same counsel or accountant or Independent Consultant, as the case may be, need not certify as to all the matters required to be certified under any provision hereof, but different officers, counsel, accountants or Independent Consultants may certify as to different matters.

(c) Where the character or amount of any asset or liability or item of income or expense is required to be determined or any consolidation, combination or other accounting computation is required to be made for the purposes of this Master Indenture or any agreement, document or Certificate executed and delivered in connection with or pursuant to this Master Indenture, such determination or computation shall be done in accordance with GAAP in effect on, at the sole option of the Obligated Group Representative, (i) the date such determination or computation is made for any purpose of this Master Indenture or (ii) the Effective Date if the Obligated Group Representative delivers an Officer's Certificate to the Master Trustee describing why then current GAAP is inconsistent with the intent of the parties on the Effective Date; provided that intercompany balances and liabilities among the Obligated Group Members shall be disregarded and that the requirements set forth herein shall prevail if inconsistent with GAAP.

ARTICLE II
AUTHORIZATION AND ISSUANCE OF MASTER INDENTURE OBLIGATIONS.

Section 2.01. Authorization of Master Indenture Obligations. Each Obligated Group Member hereby authorizes to be issued from time to time Master Indenture Obligations or Series of Master Indenture Obligations, without limitation as to amount, except as provided herein or as may be limited by law, and subject to the terms, conditions and limitations established herein and in any Related Supplement.

Section 2.02. Issuance of Master Indenture Obligations. From time to time when authorized by this Master Indenture and subject to the terms, limitations and conditions established

in this Master Indenture or in a Related Supplement, the Obligated Group Representative may authorize the issuance of a Master Indenture Obligation or a Series of Master Indenture Obligations by entering into a Related Supplement. The Master Indenture Obligation or the Master Indenture Obligations of any such Series may be issued and delivered to the Master Trustee for authentication upon compliance with the provisions hereof and of any Related Supplement.

Each Related Supplement authorizing the issuance of a Master Indenture Obligation or a Series of Master Indenture Obligations shall specify the purposes for which such Master Indenture Obligation or Series of Master Indenture Obligations are being issued, which may be for any lawful corporate purpose; the form, title, designation, manner of numbering or denominations, if applicable, of such Master Indenture Obligations; the date or dates of maturity or other final expiration of the term of such Master Indenture Obligations; the date of issuance of such Master Indenture Obligations; and any other provisions deemed advisable or necessary by the Obligated Group Representative. Each Related Supplement authorizing the issuance of a Master Indenture Obligation shall also specify and determine the principal amount of such Master Indenture Obligation (if any) for purposes of calculating the percentage of Holders of Master Indenture Obligations required to take actions or give consents pursuant to this Master Indenture (which, if such Master Indenture Obligation does not evidence or secure Indebtedness, shall be equal to zero, except with respect to any action which requires the consent of all of the Holders of Master Indenture Obligations). The designation of zero as a principal amount of a Master Indenture Obligation shall not in any manner affect the obligation of the Members to make Required Payments with respect to such Master Indenture Obligation.

Section 2.03. Appointment of Obligated Group Representative. Each Obligated Group Member, by becoming an Obligated Group Member, irrevocably appoints the Obligated Group Representative as its agent and attorney-in-fact and grants full power and authority to the Obligated Group Representative (a) to do and perform all acts as the Obligated Group Representative hereunder on behalf of each Obligated Group Member, including, without limitation, to execute and deliver Master Indenture Obligations, to execute and deliver Related Supplements authorizing the issuance of Master Indenture Obligations or Series of Master Indenture Obligations and to execute and deliver any other documents or instruments relating to or securing any borrowings, Indebtedness, obligation or the like, including, without limitation, notes, bonds, debentures, finance leases, installment sales agreements, Financial Products Agreements, mortgages, deeds of trust, security agreements and financing statements and (b) to take all other actions and execute and deliver all other documents, instruments and the like as may be deemed necessary or desirable by the Obligated Group Representative in connection with any financing, refinancing or other transaction involving any Master Indenture Obligation, Related Supplement, Financial Products Agreement or this Master Indenture and (c) to prepare, or authorize the preparation of, any and all documents, certificates or disclosure and continuing disclosure materials reasonably and ordinarily prepared in connection with the issuance of Master Indenture Obligations hereunder, or Related Bonds associated therewith, and to execute and deliver such items to the appropriate parties in connection therewith.

Section 2.04. Execution and Authentication of Master Indenture Obligations.

(a) All Master Indenture Obligations shall be executed by an Authorized Representative of the Obligated Group Representative for and on behalf of the Obligated Group

as provided in the Related Supplement authorizing such Master Indenture Obligation. The signatures of such Authorized Representative may be mechanically or photographically reproduced on the Master Indenture Obligations. If any Authorized Representative whose signature appears on any Master Indenture Obligation ceases to be such Authorized Representative before delivery thereof, such signature shall remain valid and sufficient for all purposes as if such Authorized Representative had remained in office until such delivery. Each Master Indenture Obligation shall be manually authenticated by an authorized signatory of the Master Trustee, and no Master Indenture Obligation shall be entitled to the benefits hereof without such authentication.

(b) The form of Certificate of Authentication to be printed on each Master Indenture Obligation and manually executed by an authorized signatory of the Master Trustee shall be as follows:

[FORM OF MASTER TRUSTEE'S CERTIFICATE OF AUTHENTICATION]

The undersigned Master Trustee hereby certifies that this Master Indenture Obligation No. ___ is one of the Master Indenture Obligations described in the within mentioned Master Indenture.

Dated: _____

[Name of Master Trustee],
as Master Trustee

By _____
Authorized Signatory

(c) The Existing Obligations shall be secured by this Master Indenture. By their execution hereof, each Obligated Group Member agrees to be jointly and severally liable with each other Obligated Group Member for the payment of all Required Payments on all Existing Obligations as fully as though each of such Obligated Group Members had executed each of the Existing Obligations and had expressly agreed to be jointly and severally liable for such payment.

Section 2.05. Conditions to the Issuance of Master Indenture Obligations. The issuance, authentication and delivery of any Master Indenture Obligation or Series of Master Indenture Obligations shall be subject to the following specific conditions:

(a) The Obligated Group Representative and the Master Trustee shall have entered into a Related Supplement providing for the terms and conditions of such Master Indenture Obligations and the repayment thereof; and

(b) The Master Trustee shall have received an Officer's Certificate to the effect that:

(i) each Obligated Group Member is in full compliance with all warranties, covenants and agreements set forth in this Master Indenture and in any Related Supplement; and

(ii) neither an Event of Default nor any event which with the passage of time or the giving of notice or both would become an Event of Default has occurred and is continuing or would occur upon issuance of such Master Indenture Obligations under this Master Indenture or any Related Supplement; and

(iii) all requirements and conditions, if any, to the issuance of such Master Indenture Obligations set forth in the Related Supplement have been satisfied; and

(c) The Master Trustee shall have received an Opinion of Counsel, subject to customary qualifications and exceptions, to the effect that:

(i) such Master Indenture Obligations and Related Supplement have been duly authorized, executed and delivered by the Obligated Group Representative on behalf of the Obligated Group and constitute valid and binding obligations of the Obligated Group, enforceable in accordance with their terms; and

(ii) such Master Indenture Obligations are not subject to registration under federal securities laws and such Related Supplement is not subject to registration under the Trust Indenture Act of 1939, as amended (or that such registration, if required, has occurred);

(d) If such Master Indenture Obligation constitutes or secures Indebtedness, the requirements of Section 3.10 are satisfied.

ARTICLE III
PAYMENTS WITH RESPECT TO MASTER INDENTURE OBLIGATIONS; OBLIGATED GROUP COVENANTS.

Section 3.01. Payment of Required Payments.

(a) Each Obligated Group Member jointly and severally covenants to promptly pay, or cause to be paid, all Required Payments at the place, on or before the dates and in the manner provided herein or in any Related Supplement or Master Indenture Obligation. Each Obligated Group Member acknowledges that the time of such payment and performance is of the essence of the Master Indenture Obligations hereunder. Each Obligated Group Member further covenants to faithfully observe and perform all of the conditions, covenants and requirements of this Master Indenture, any Related Supplement and any Master Indenture Obligation.

The obligation of each Obligated Group Member with respect to Required Payments shall not be abrogated, prejudiced or affected by:

(i) the granting of any extension, waiver or other concession given to any Obligated Group Member by the Master Trustee or any Holder or by any compromise, release, abandonment, variation, relinquishment or renewal of any of the rights of the Master Trustee or any Holder or anything done or omitted or neglected to be done by the Master Trustee or any

Holder in exercise of the authority, power and discretion vested in them by this Master Indenture, or by any other dealing or thing which, but for this provision, might operate to abrogate, prejudice or affect such obligation; or

(ii) the liability of any other Obligated Group Member under this Master Indenture ceasing for any cause whatsoever, including the release of any other Obligated Group Member pursuant to the provisions of this Master Indenture or any Related Supplement; or

(iii) any Obligated Group Member's failing to become liable as, or losing eligibility to become, an Obligated Group Member with respect to a Master Indenture Obligation; or

(iv) the validity or sufficiency (or any contest with respect thereto) of the consideration given to support the obligations of the Obligated Group Members under this Master Indenture.

Subject to the provisions of Section 3.08 permitting withdrawal from the Obligated Group, the obligation of each Obligated Group Member to make Required Payments is a continuing one and is to remain in effect until all Required Payments have been paid or deemed paid in full in accordance with Article VII. All moneys from time to time received by the Obligated Group Representative or the Master Trustee to reduce liability on Master Indenture Obligations, whether from or on account of the Obligated Group Members or otherwise, shall be regarded as payments in gross without any right on the part of any one or more of the Obligated Group Members to claim the benefit of any moneys so received until the whole of the amounts owing on Master Indenture Obligations has been paid or satisfied and so that if an event described in subsection (e) or (f) of Section 4.01 occurs, the Obligated Group Representative or the Master Trustee shall be entitled to prove up the total indebtedness or other liability on Master Indenture Obligations Outstanding as to which the liability of such Obligated Group Member has become fixed.

Each Master Indenture Obligation shall be a primary obligation of the Obligated Group Members and shall not be treated as ancillary to or collateral with any other obligation and shall be independent of any other security so that the covenants and agreements of each Obligated Group Member hereunder shall be enforceable without first having recourse to any such security or source of payment and without first taking any steps or proceedings against any other Person. The Obligated Group Representative and the Master Trustee are each empowered to enforce each covenant and agreement of each Obligated Group Member hereunder and to enforce the making of Required Payments. Each Obligated Group Member hereby authorizes each of the Obligated Group Representative and the Master Trustee to enforce or refrain from enforcing any covenant or agreement of the Obligated Group Members hereunder and to make any arrangement or compromise with any Obligated Group Member or Obligated Group Members as the Obligated Group Representative or the Master Trustee may deem appropriate, consistent with this Master Indenture and any Related Supplement. Each Obligated Group Member hereby waives in favor of the Obligated Group Representative and the Master Trustee all rights against the Obligated Group Representative, the Master Trustee and any other Obligated Group Member, insofar as is necessary to give effect to any of the provisions of this Section.

Section 3.02. Covenants of Corporate Existence, Maintenance of Properties, Etc.. Each Obligated Group Member agrees:

(a) Maintain its Property, Plant and Equipment in accordance with all valid and applicable governmental laws, ordinances, approvals and regulations including, without limitation, such zoning, sanitary, pollution and safety ordinances and laws and such rules and regulations thereunder as may be binding upon it; provided, however, that no Obligated Group Member shall be required to comply with any law, ordinance, approval or regulation as long as it shall in good faith contest the validity thereof.

(b) Maintain and operate its Property, Plant and Equipment in reasonably good working condition, and from time to time make or cause to be made all needful and proper replacements, repairs and improvements so that the operations of such Obligated Group Member will not be materially impaired.

(c) Pay and discharge all applicable taxes, assessments, governmental charges of any kind whatsoever, water rates, meter charges and other utility charges which may be or have been assessed or which may have become Liens upon the Property, Plant and Equipment, and will make such payments or cause such payments to be made in due time to prevent any delinquency thereon or any forfeiture or sale of any part of the Property, Plant and Equipment, and, upon request, will furnish to the Master Trustee receipts for all such payments, or other evidences satisfactory to the Master Trustee; provided, however, that no Obligated Group Member shall be required to pay any tax, assessment, rate or charge as long as it shall in good faith contest the validity thereof as set out in clause (b)(ii) of the definition of Permitted Liens.

(d) Pay or otherwise satisfy and discharge all of its obligations and Indebtedness and all demands and claims against it as and when the same become due and payable, other than obligations, Indebtedness, demands or claims (exclusive of the Master Indenture Obligations issued and Outstanding hereunder) the validity, amount or collectibility of which is being contested in good faith.

(e) At all times comply with all terms, covenants and provisions of any Liens at such time existing upon its Property or any part thereof or securing any of its Indebtedness noncompliance with which would have a material adverse effect on the operations of the Obligated Group or its Property.

(f) Use its best efforts to maintain (as long as it is in its best interests and will not materially adversely affect the interests of the Holders) all permits, licenses and other governmental approvals necessary for the operation of its Property.

Nothing in this Section 3.02 shall be construed to require an Obligated Group Member to maintain any permit, license or other governmental approval, or to continue to operate or maintain any Property, Plant or Equipment, if, in the reasonable good faith judgment of the Obligated Group Member, such permit, license, governmental approval or Property, Plant or Equipment is, or within the next succeeding 12 calendar months is reasonably expected to become, inadequate, obsolete, unsuitable, undesirable or unnecessary for the business of the Obligated Group and failure to

maintain or operate such permit, license, governmental approval or Property, Plant or Equipment will not materially adversely impair the operation of the Obligated Group.

For the purposes of this Section 3.02, the terms Property, Plant and Equipment shall be deemed to include Excluded Property.

Section 3.03. Gross Receivables Pledge.

(a) To secure the timely payment and performance of its obligation to make Required Payments and all its other obligations, agreements and covenants hereunder, each Obligated Group Member hereby grants to the Master Trustee a security interest in all of its right, title, and interest, whether such right, title, or interest is currently held by such Obligated Group Member or is obtained by such Obligated Group Member in the future, in, to, and under the Gross Receivables and the proceeds thereof.

(b) This Master Indenture shall constitute a security agreement for purposes of the UCC.

(c) Each Obligated Group Member shall authorize and cause to be filed on or before the execution and delivery hereof, in accordance with the requirements of the applicable UCC, all financing statements necessary to perfect the security interest described in clause (a) (to the extent such security interest can be perfected by the filing of financing statements under the UCC). Except with respect to continuation statements, which shall be filed by the Master Trustee, each Obligated Group Member shall timely authorize, execute, deliver, such documents as necessary in order to perfect or maintain the perfection and priority of such security interest.

(d) Notwithstanding anything to the contrary contained herein, the Master Trustee shall not be responsible for any initial filings of any financing statements or the information contained therein (including the exhibits thereto) other than the correct name and address of the Master Trustee.

(e) Upon written request from the Obligated Group Representative, the Master Trustee shall take all procedural steps directed by the Obligated Group Representative or its counsel to effect the subordination of its security interests in the Gross Receivables granted herein to Permitted Liens.

(f) Each Obligated Group Member shall, prior to changing its name, address, or jurisdiction of organization, (i) notify the Master Trustee in writing of such change, and (ii) authorize, execute, deliver, and file such documents (including, but not limited to, financing statements and amendments to financing statements as required by the applicable UCC) as necessary in order to maintain the perfection and priority of the security interest granted by it pursuant to clause (a).

Section 3.04. Against Encumbrances.

(a) Each Obligated Group Member agrees that it will not create or suffer to be created or permit the existence of any Lien upon Property now owned or hereafter acquired by it other than Permitted Liens.

(b) Upon written request of the Obligated Group Representative, the Master Trustee shall execute and deliver such releases, subordinations, requests for reconveyance, termination statements or other instruments as may be reasonably requested by the Obligated Group Representative in connection with (i) the disposition of Property in accordance with the provisions of Section 3.09 and the applicable provisions of any Related Supplement, (ii) the withdrawal of a Member pursuant to Section 3.08 and the applicable provisions of any Related Supplement and (iii) the granting by an Obligated Group Member of any Lien which constitutes a Permitted Lien hereunder, as certified to the Master Trustee in writing by the Obligated Group Representative.

Section 3.05. Debt Service Coverage.

(a) Each Obligated Group Member agrees to manage its business such that the Annual Debt Service Coverage Ratio for each Fiscal Year, commencing with the Fiscal Year in which the Effective Date occurs, will not be less than 1.1 to 1.0, as set forth in the Officer's Certificate delivered pursuant to Section 3.11(b)(iii)(A), except as specifically provided in this Section 3.05.

(b) If for any two consecutive Fiscal Years the Annual Debt Service Coverage Ratio as set forth in the Officer's Certificate delivered pursuant to Section 3.11(b)(iii)(A) is less than 1.1 to 1.0, the Obligated Group Representative covenants to promptly retain an Independent Consultant to make recommendations to increase Income Available for Debt Service in the following Fiscal Year to the level required or, if in the opinion of the Independent Consultant the attainment of such level is impracticable, to the highest level attainable. The Obligated Group Representative agrees to transmit a copy thereof to the Master Trustee within twenty (20) days of the receipt of such recommendations. Each Obligated Group Member shall, promptly upon its receipt of such recommendations, subject to applicable requirements or restrictions imposed by law and to a good faith determination by the Governing Body of the Obligated Group Representative that such recommendations are in the best interest of the Obligated Group, take such action as shall be in substantial conformity with such recommendations.

(c) If the Obligated Group substantially complies with the recommendations of the Independent Consultant, the Obligated Group shall be deemed to have complied with the covenants set forth in this Section for each applicable Fiscal Year, notwithstanding that the Annual Debt Service Coverage Ratio is less than 1.1:1.0; except as provided in subsection (g) hereof.

(d) If a report of an Independent Consultant is delivered to the Master Trustee stating that government restrictions or Industry Restrictions have been imposed which make it impossible for the Annual Debt Service Coverage Ratio to be at least 1.1 to 1.0, then the required amount of Income Available for Debt Service shall be reduced to the maximum coverage permitted by such government restrictions or Industry Restrictions; except as provided in subsection (g) hereof.

(e) Notwithstanding the foregoing, an Obligated Group Member may permit the rendering of services or the use of its Property without charge or at reduced charges, at the discretion of the Governing Body of such Obligated Group Member, in connection with maintaining its tax-exempt status or the tax-exempt status of its Property, Plant and Equipment or

its eligibility for grants, loans, subsidies or payments from governmental entities, or in compliance with any recommendation for free services that may be made by an Independent Consultant; except as provided in subsection (g) hereof.

(f) Notwithstanding the foregoing clause (b) but subject to the provisions of clause (g), if such failure to maintain an Annual Debt Service Coverage Ratio is a direct or indirect result of a Force Majeure Event in either of any two consecutive Fiscal Years, as determined in the sole discretion of the Obligated Group Representative, then the Obligated Group Representative shall not be required to retain an Independent Consultant for purposes described in this Section, but shall be required to deliver an Officer's Certificate to the Master Trustee stating the nature of the Force Majeure Event and describing the steps the Obligated Group is taking with respect to the rates, fees and charges or expenses of the Obligated Group and the Obligated Group's methods of operation and other factors affecting its financial condition in order to improve the Annual Debt Service Coverage Ratio in subsequent Fiscal Years, and the Obligated Group will be deemed to have complied with the covenants set forth in this Section for each such Fiscal Year, notwithstanding that the Annual Debt Service Coverage Ratio is less than 1.1:1.0.

(g) An Event of Default shall exist if the Annual Debt Service Coverage Ratio as set forth in the Officer's Certificate delivered pursuant to Section 3.11(b)(iii)(A) for any two consecutive Fiscal Years shall be less than 1.0:1.0. Notwithstanding the foregoing, the Obligated Group Members shall not be excused from taking any action or performing any duty required under this Master Indenture and no other Event of Default shall be waived by the operation of the provisions of this subsection (g).

Section 3.06. Merger, Consolidation, Sale or Conveyance. Each Obligated Group Member covenants that it will not merge or consolidate with any other Person that is not an Obligated Group Member or sell or convey all or substantially all of its assets to any Person that is not an Obligated Group Member (a "Merger Transaction") unless:

(a) After giving effect to the Merger Transaction,

(i) the successor or surviving entity (hereinafter, the "Surviving Entity") is an Obligated Group Member, or

(ii) the Surviving Entity shall

(A) be a corporation or other entity organized and existing under the laws of the United States of America or any state thereof;

(B) become an Obligated Group Member pursuant to Section 3.07 and, pursuant to the Related Supplement required by Section 3.07(b), shall expressly assume in writing the due and punctual payment of all Required Payments of the former Obligated Group Member hereunder;

(b) The Master Trustee receives an Officer's Certificate to the effect that the Transaction Test is satisfied in connection with the Merger Transaction;

(c) So long as any Related Bonds that are tax-exempt obligations are Outstanding, the Master Trustee receives an Opinion of Bond Counsel to the effect that, under then existing law, the consummation of the Merger Transaction would not, in and of itself, result in the inclusion of interest on such Related Bonds in gross income for purposes of federal income taxation;

(d) The Master Trustee receives an Opinion of Counsel to the effect that (i) all conditions in this Section 3.06 relating to the Merger Transaction have been complied with and the Master Trustee is authorized to join in the execution of any instrument required to be executed and delivered; (ii) the Surviving Entity meets the conditions set forth in this Section 3.06 and all Master Indenture Obligations then Outstanding; (iii) the Merger Transaction will not adversely affect the validity of any Master Indenture Obligations then Outstanding and such Master Indenture Obligations then Outstanding are enforceable against the Surviving Entity in accordance with their respective terms; and (iv) the Merger Transaction will not cause the Master Indenture to be subject to qualification under the Trust Indenture Act of 1939, as amended, or any Master Indenture Obligations to be subject to registration under federal securities laws (or, that any such qualification or registration, if required, has occurred); and

(e) The Surviving Entity shall be substituted for its predecessor in interest in all Master Indenture Obligations and agreements then in effect which affect or relate to any Master Indenture Obligation, and the Surviving Entity shall execute and deliver to the Master Trustee appropriate documents in order to effect the substitution.

From and after the effective date of such substitution (as set forth in the above-mentioned documents), the Surviving Entity shall be treated as an Obligated Group Member and shall thereafter have the right to participate in transactions hereunder relating to Master Indenture Obligations to the same extent as the other Obligated Group Members. All Master Indenture Obligations issued hereunder on behalf of a Surviving Entity shall have the same legal rank and benefit under this Master Indenture as Master Indenture Obligations issued on behalf of any other Obligated Group Member.

Section 3.07. Membership in Obligated Group. Additional Obligated Group Members may be added to the Obligated Group from time to time, provided that prior to such addition the Master Trustee receives:

(a) a copy of a resolution of the Governing Body of the proposed new Obligated Group Member which authorizes the execution and delivery of a Related Supplement and compliance with the terms of this Master Indenture and the taking of any actions on its behalf that are specified in Section 2.03; and

(b) a Related Supplement executed by the Obligated Group Representative, the new Obligated Group Member and the Master Trustee pursuant to which the proposed new Obligated Group Member

(i) agrees to become an Obligated Group Member, and

(ii) agrees to be bound by the terms of this Master Indenture, the Related Supplements and the Master Indenture Obligations, and

(iii) pursuant to Section 2.03, irrevocably appoints the Obligated Group Representative as its agent and attorney-in-fact and grants to the Obligated Group Representative the full power and authority to execute (a) Related Supplements authorizing the issuance of Master Indenture Obligations or Series of Master Indenture Obligations, (b) Master Indenture Obligations and (c) all Certificates, Statements, Requests, Consents or Orders, and

(c) an Opinion of Counsel to the effect that (i) the proposed new Obligated Group Member has taken all necessary action to become an Obligated Group Member, and upon execution of the Related Supplement, such proposed new Obligated Group Member will be bound by the terms of this Master Indenture, (ii) the addition of such Obligated Group Member would not adversely affect the validity of any Master Indenture Obligation then Outstanding and (iii) the addition of such Obligated Group Member will not cause the Master Indenture to be subject to qualification under the Trust Indenture Act of 1939, as amended, or any Master Indenture Obligations to be subject to registration under federal securities laws (or, that any such qualification or registration, if required, has occurred); and

(d) an Officer's Certificate to the effect that immediately after the addition of the proposed new Obligated Group Member, the Transaction Test would be satisfied; and

(e) so long as any Related Bonds that are tax-exempt obligations are Outstanding, an Opinion of Bond Counsel to the effect that the addition of the proposed new Obligated Group Member will not, in and of itself, result in the inclusion of interest on any Related Bonds in gross income for purposes of federal income taxation; and

(f) Appendix B to this Master Indenture is amended to include a description of the Property of the Person becoming a Member that is to be considered Excluded Property (provided that such Property may be treated as Excluded Property only if such Property is real or tangible personal property and the primary revenue generating operations of such Person are not conducted upon such real property).

Section 3.08. Withdrawal from Obligated Group. Any Obligated Group Member may withdraw from the Obligated Group and be released from further liability or obligation under the provisions of this Master Indenture, provided that prior to such withdrawal or redesignation the Master Trustee receives:

(a) an Officer's Certificate to the effect that the Obligated Group Representative has approved the withdrawal of such Obligated Group Member;

(b) an Officer's Certificate to the effect that immediately after the withdrawal of such Obligated Group Member, the Transaction Test would be satisfied; and

(c) an Opinion of Counsel to the effect that (i) the withdrawal (or redesignation) of such Obligated Group Member would not adversely affect the validity of any Master Indenture Obligation then Outstanding and (ii) the withdrawal (or redesignation) of such Obligated Group Member will not cause the Master Indenture to be subject to qualification under the Trust Indenture Act of 1939, as amended, or any Master Indenture Obligations to be subject to registration under federal securities laws (or, that any such qualification or registration, if required, has occurred).

Upon compliance with the conditions contained in this Section 3.08, the Master Trustee shall execute any documents reasonably requested by the withdrawing Obligated Group Member to evidence the termination of such Obligated Group Member's obligations hereunder, under all Related Supplements and under all Master Indenture Obligations.

Section 3.09. Limitation on Disposition of Assets. Each Obligated Group Member covenants that it will not sell, lease or otherwise dispose of any part of its Property in any Fiscal Year (other than (A) in the ordinary course of business, or (B) as part of a disposition of all or substantially all of its assets as permitted by Section 3.06), unless:

(i) prior to said disposition there shall have been delivered to the Master Trustee an Officer's Certificate to the effect that such Property is or shall become within the next two Fiscal Years inadequate, obsolete, unsuitable, undesirable or unnecessary for the operation and functioning of the primary business of the Obligated Group Members; or

(ii) if the Book Value of the Property being disposed of is less than or equal to $1,000,000, prior to said disposition there shall have been delivered to the Master Trustee an Officer's Certificate to the effect that the disposition is for Fair Market Value and such disposition will not impair the structural soundness of the remaining Property and does not materially adversely affect the operations of the Obligated Group; or

(iii) prior to said disposition there shall have been delivered to the Master Trustee an Officer's Certificate to the effect that such Property is being transferred to a Person who is not an Obligated Group Member if such Person shall become a Member pursuant to Section 3.07 coincidental to such transfer; or

(iv) prior to said disposition there shall have been delivered to the Master Trustee an Officer's Certificate to the effect that such Property is being transferred to a Governmental Issuer solely to accommodate a sale or lease transaction as described in the definition of "Related Bonds;" or

(v) prior to said disposition there shall have been delivered to the Master Trustee an Officer's Certificate to the effect that the Transaction Test is satisfied; or

(vi) said disposition is a disposition of Property, Plant and Equipment that is being exchanged for credit against the purchase price of replacement Property, Plant and Equipment or the proceeds of which disposition are applied to the purchase price of such replacement Property, Plant and Equipment within 120 days of such disposition; provided such exchange must be for Fair Market Value of such Property, Plant and Equipment; or

(vii) said disposition is a disposition of accounts receivable arising in the ordinary course of business, but only in connection with the compromise or collection thereof, so long as the accounts receivable to be so disposed are aged at least 120-days past due at the time of the applicable disposition; or

(viii) said disposition is a disposition of Property, Plant and Equipment (x) acquired by any Obligated Group Member pursuant to an acquisition of assets or (y) of any new Obligated Group Member whose equity interests were acquired by an Obligated Group

Member which assets were owned by such new Obligated Group Member at the time it was acquired, in each case under the preceding clauses (x) and (y), which disposition occurs within 12 months after the date of the applicable acquisition, so long as the assets to be so disposed are readily identifiable as assets acquired pursuant to or owned as of the time of the subject acquisition (for purposes of this clause (viii), a transaction in which an Obligated Group Member becomes the sole member of a nonprofit corporation shall be deemed to be an acquisition of the equity interests of such nonprofit corporation); or

(ix) said disposition involves any other sale, lease or other disposition of assets within any 12-month period having a Book Value of no more than 10% of the Value of the Property of the Obligated Group.

(b) Notwithstanding the foregoing, nothing shall prohibit any disposition of assets among Obligated Group Members nor shall prohibit the Obligated Group Members from: (1) making loans, including, without limitation, employee relocation loans, physician recruitment loans or other credit/funding extensions, provided that such loans or other credit/funding extensions are in writing and the Master Trustee receives an Officer's Certificate to the effect that (x) such loans are in furtherance of the exempt purposes of the Obligated Group Members or (y) the Obligated Group Members reasonably expect such loans to be repaid and such loans bear interest at a reasonable rate of interest and on commercially reasonable terms; or (2) transferring gifts restricted to a purpose inconsistent with their use for the payment of Required Payments or operating expenses to an Affiliated Corporation which has the purpose to receive and disburse such restricted gifts.

Section 3.10. Limitation on Additional Indebtedness. Each Obligated Group Member covenants that it will not incur any Additional Indebtedness, except that the Obligated Group Members may incur the following Additional Indebtedness:

(a) Long-Term Indebtedness, if prior to the date of incurrence of the Long-Term Indebtedness there is delivered to the Master Trustee an Officer's Certificate to the effect that:

(i) the Debt Service Coverage Ratio for the most recent Fiscal Year for which Obligated Group Financial Statements are available with respect to all Long-Term Indebtedness then Outstanding at the time of such certification was not less than 1.20:1.0; or

(ii) (A) the Debt Service Coverage Ratio for the most recent Fiscal Year (excluding the additional Long-Term Indebtedness to be incurred) was not less than 1.1:1.0 and (B) the Debt Service Coverage Ratio for each of the two Fiscal Years beginning with the Fiscal Year commencing after the estimated completion of the facilities to be financed by the Indebtedness to be incurred with respect to all Long-Term Indebtedness projected to be outstanding (including the additional Long-Term Indebtedness to be incurred but excluding any Long-Term Indebtedness to be refunded with the proceeds of said additional Long-Term Indebtedness to be incurred), is projected to be not less than 1.20:1.0. Notwithstanding the foregoing, each of the Debt Service Coverage Ratio described in this Section 3.10(a)(ii) shall be reduced, in each case, to a ratio of not less than 1.0:1.0, if the Master Trustee receives a report of an Independent Consultant to the effect that government restrictions or Industry Restrictions

prevent the Obligated Group Members from generating the required levels of Income Available for Debt Service sufficient to result in the Debt Service Coverage Ratios described in this Section 3.10 (a)(ii); or

(iii) the aggregate principal amount of all Long-Term Indebtedness incurred and Outstanding pursuant to this Section 3.10(a)(iii) does not exceed 5% of Total Revenues.

(b) Completion Indebtedness without limitation provided that an Officer's Certificate is delivered to the Master Trustee stating that the Obligated Group Representative reasonably expected the aggregate principal amount of Long-Term or Interim Indebtedness originally issued to finance the construction or equipping of the project for which such Completion Indebtedness is being incurred, together with other funds reasonably anticipated to be available for such purposes, to be fully sufficient to provide a completed and fully equipped facility of the type and scope contemplated at the time said Long-Term Indebtedness or Interim Indebtedness was originally incurred, and in accordance with the general plans and specifications for such facility as originally prepared and approved in connection with the related financing, modified or amended only in conformance with the provisions of the documents pursuant to which the related financing was undertaken.

(c) Short-term Indebtedness, provided that the provisions described in subsection (a) above are satisfied calculated as if such Short-term Indebtedness was Long-Term Indebtedness or an Officer's Certificate is delivered to the Master Trustee stating that the total amount of such Short-term Indebtedness shall not exceed 25% of Total Revenues.

(d) Nonrecourse Indebtedness, without limitation.

(e) Long-Term Indebtedness, if such Long-Term Indebtedness is issued or incurred to refund Long-Term Indebtedness and prior to the issuance or incurrence thereof there is delivered to the Master Trustee a resolution of the Governing Body of the Obligated Group Representative determining that such refunding is in the best interests of the Obligated Group, which resolution shall also state the reasons for such determination.

(f) Subordinated Indebtedness, without limitation.

(g) Any other Indebtedness, provided that an Officer's Certificate is delivered to the Master Trustee stating that the aggregate principal amount of such Indebtedness, together with the aggregate principal amount of Indebtedness incurred pursuant to the provisions of subsection (c) of this Section 3.10, does not, as of the date of incurrence, exceed 25% of Total Revenues.

(h) Reimbursement or other repayment obligations under reimbursement agreements or similar agreements relating to credit facilities and/or liquidity facilities which provide credit support and/or liquidity for Indebtedness or Financial Products Agreements.

(i) Indebtedness consisting of (i) Guarantees incurred in the ordinary course of business with respect to surety and appeal bonds, performance bonds, bid bonds, appeal bonds,

completion guarantee and similar obligations, and (ii) Guarantees arising with respect to customary indemnification obligations to purchasers in connection with dispositions of Property.

(j) Indebtedness in respect of bid, performance or surety bonds, workers' compensation claims, self-insurance obligations and bankers acceptances issued for the account of an Obligated Group Member in the ordinary course of business, including Guarantees or obligations of an Obligated Group Member with respect to letters of credit supporting such bid, performance or surety bonds, workers' compensation claims, self-insurance obligations and bankers acceptances (in each case other than for an obligation for money borrowed).

(k) Indebtedness owed to any Person providing property, casualty, liability, or other insurance to the Obligated Group Members, so long as the amount of such Indebtedness is not in excess of the amount of the unpaid cost of, and is incurred only to defer the cost of, such insurance for the year in which such Indebtedness is incurred and such Indebtedness is outstanding only during such year.

(l) Indebtedness incurred in the ordinary course of business in respect of credit cards, credit card processing services, debit cards, stored value cards, commercial cards (including so-called "purchase cards," "procurement cards" or "p-cards"), or cash management services.

(m) Unsecured Indebtedness (subject to customary rights of setoff) incurred in respect of netting services, overdraft protection, and other like services, in each case, incurred in the ordinary course of business.

(n) Accrual of interest, accretion or amortization of original issue discount, or the payment of interest in kind, in each case, on Indebtedness that is otherwise permitted hereunder.

(o) Assumed Indebtedness secured by a Lien of the type permitted under clause (j) of the definition of Permitted Liens, so long as the amount of such Indebtedness does not exceed the Fair Market Value of the Property subject to such Lien.

(p) Indebtedness incurred in conjunction with any accounts receivable financing, including any Corporation patient loan program, in an amount not to exceed 30% of the Obligated Group's net accounts receivable.

Section 3.11. Filing of Financial Statements, Certificate of No Default, Other Information.

(a) Each Member covenants and agrees that it will keep adequate records and books of accounts in which complete and correct entries shall be made (said books shall be subject to the inspection of the Master Trustee during regular business hours after reasonable notice and under reasonable circumstances, provided the Master Trustee shall have no duty to so inspect).

(b) The Obligated Group Representative covenants and agrees that it will furnish to the Master Trustee and any Related Bond Issuer that shall request the same in writing:

(i) As soon as practicable, but in no event more than five months after the last day of each Fiscal Year beginning with the Fiscal Year in which the Effective Date occurs,

one or more financial statements which, in the aggregate, shall include the Material Obligated Group Members. Such financial statements:

(A) may consist of (1) consolidated or combined financial results including one or more Obligated Group Members and one or more other Persons required to be consolidated or combined with such Obligated Group Member(s) under GAAP or (2) special purpose financial statements including only Obligated Group Members;

(B) shall be audited by an Accountant as having been prepared in accordance with GAAP (except, in the case of special purpose financial statements, for required consolidations);

(C) shall include a consolidated or combined balance sheet, statement of operations and changes in net assets; and

(D) if more than one financial statement is delivered to the Master Trustee pursuant to this subsection (b)(i), or if a single financial statement is delivered that includes Persons other than Obligated Group Members and Immaterial Affiliates, each such financial statement shall contain, as "other financial information," a combining or consolidating schedule from which financial information solely relating to the Obligated Group Members and Immaterial Affiliates may be derived.

(ii) (A) If a single financial statement containing information solely related to the Obligated Group Members (which may, but need not, include any Immaterial Affiliates) is delivered pursuant to clause (b)(i) above, such financial statement shall constitute the "Obligated Group Financial Statements."

(B) If a single financial statement containing information related solely to the Obligated Group Members and, at the option of the Obligated Group Representative, any Immaterial Affiliates is not delivered pursuant to clause (b)(i) above, the Obligated Group Representative shall prepare an unaudited balance sheet and statement of operations for such Fiscal Year. The unaudited financial statements shall be prepared as soon as practicable, but in no event more than five months after the last day of each Fiscal Year beginning with the Fiscal Year in which the Effective Date occurs, and shall be based on the accompanying unaudited combining or consolidating schedules delivered with the audited financial statements described in clause (b)(i)(D) above. The unaudited financial statements prepared in accordance with this clause (ii)(B) shall be the "Obligated Group Financial Statements."

(C) The Obligated Group Financial Statements:

(1) shall include all Material Obligated Group Members;

(2) at the option of the Obligated Group Representative, may, but need not, include one or more Immaterial Affiliates as provided in subsection (c) below;

(3) at the option of the Obligated Group Representative, may exclude one or more Obligated Group Members that are not Material Obligated Group Members; and

(4) shall exclude all combined or consolidated entities that are neither Obligated Group Members nor Immaterial Affiliates.

(iii) At the time of the delivery of the Obligated Group Financial Statements, an Officer's Certificate (A) setting forth the calculations based upon the Obligated Group Financial Statements for such Fiscal Year of the Annual Debt Service Coverage Ratio for such Fiscal Year and (B) stating that no event which constitutes an Event of Default has occurred and is continuing as of the end of such Fiscal Year, or specifying the nature of such event and the actions taken and proposed to be taken by the Members to cure such Event of Default.

(c) Notwithstanding the foregoing, the results of operation and financial position of Immaterial Affiliates need not be excluded from financial statements delivered to the Master Trustee pursuant to this Section, and such results of operation and financial position may be considered as if they were a portion of the results of operation and financial position of the Obligated Group Members for all purposes of this Master Indenture notwithstanding the inclusion of the results of operation and financial position of such Immaterial Affiliates. The Master Trustee shall have no duty to review, verify or analyze such financial statements and shall hold such financial statements solely as a repository for the benefit of the Holders. The Master Trustee shall not be deemed to have notice of any information contained in such financial statements or event of default which may be disclosed therein in any manner.

Section 3.12. Replacement of Master Indenture Obligations. At the option of the Obligated Group Representative and without the consent of any Holders, Master Indenture Obligations shall be surrendered by their Holders and delivered to the Master Trustee for cancellation upon receipt by the Master Trustee and the Holders of the Master Indenture Obligations of the following:

(a) a Request of the Obligated Group Representative requesting such surrender and delivery and stating that the Obligated Group Representative (and each other Member of the Obligated Group) has become a member of an obligated group (the "New Obligated Group") under a master indenture (other than the Master Indenture) and that an obligation or obligations are being issued to the Holder under such replacement master indenture (the "Replacement Master Indenture");

(b) a properly executed obligation (the "Replacement Obligation") for each Master Indenture Obligation issued under the Replacement Master Indenture and registered in the name of the Holder with the same tenor and effect as the previous Master Indenture Obligation of such Holder, duly authenticated by the master trustee under the Replacement Master Indenture;

(c) an Opinion of Counsel to the effect that each Replacement Obligation has been validly issued under the Replacement Master Indenture and constitutes a valid and binding

obligation of the Obligated Group Representative (and each other Member of the Obligated Group) and each other member of the obligated group under the Replacement Master Indenture;

(d) a copy of the Replacement Master Indenture, certified as a true and accurate copy by the master trustee under the Replacement Master Indenture;

(e) written evidence from each Rating Agency then rating any Related Bonds or Master Indenture Obligations that immediately following the delivery of the Replacement Obligations, the Rating Category from such Rating Agency on any Related Bonds or the Master Indenture Obligations shall not be withdrawn or reduced as compared to such Rating Category immediately prior to the delivery of the Replacement Obligations; and

(f) an Opinion of Bond Counsel to the effect that the replacement of the Master Indenture Obligation with the Replacement Obligations will not, in and of itself, result in the inclusion of the interest on any Related Bonds in gross income for purposes of federal income taxation.

Section 3.13. Additions to Excluded Property.

Appendix B hereto may be amended, without consent of any Holders of Master Indenture Obligations, to include: (a) additional real property acquired by a Member subsequent to the Effective Date and all improvements, fixtures, tangible personal property, and equipment located thereon and used in connection therewith, upon the receipt by the Master Trustee of an Officer's Certificate of such Member stating that (i) such Property does not constitute a portion of the Property financed or refinanced with proceeds of Outstanding Related Bonds, and (ii) the total value of all such Property so added to such Appendix B does not exceed 10% of the total value of Property of the Obligated Group (calculated on the basis of the Book Value of the assets shown on the audited Obligated Group Financial Statements for the Fiscal Year next preceding the date of the amendment of Appendix B), or (b) unimproved real property upon receipt by the Master Trustee of an Officer's Certificate of such Member stating that such real property is not an integral part of the operation of such Member's activities; provided that in any consecutive 12-month period the total value of the Property of the Obligated Group disposed of other than pursuant to Subsections 3.09(i) through (ix) and of the Property classified as Excluded Property under this Section 3.13 shall not exceed 10% of the total value of the Property of the Obligated Group (so calculated on the basis of such Book Value).

ARTICLE IV
DEFAULTS.

Section 4.01. Events of Default. Each of the following events shall be an Event of Default hereunder:

(a) Failure on the part of the Obligated Group Members to make due and punctual payment of the principal of, redemption premium, if any, interest on or any other Required Payment on any Master Indenture Obligation.

(b) The occurrence of an Event of Default as described in Section 3.05(g).

(c) Any Obligated Group Member shall fail to observe or perform any other covenant or agreement under this Master Indenture (including covenants or agreements contained in any Related Supplement or Master Indenture Obligation) and shall not have cured such failure within sixty (60) days after the date on which written notice of such failure, requiring the failure to be remedied, shall have been given to the Obligated Group Representative by the Master Trustee or to the Obligated Group Representative and the Master Trustee by the Holders of 25% in aggregate principal amount of Outstanding Master Indenture Obligations (provided that if such failure can be remedied but not within such sixty (60) - day period, such failure shall not become an Event of Default for so long as the Obligated Group Representative shall diligently proceed to remedy the failure).

(d) Any Obligated Group Member shall default in the payment of Indebtedness (other than Nonrecourse Indebtedness) in an aggregate outstanding principal amount greater than 3% of the aggregate principal amount of Total Revenues of the Obligated Group, and any grace period for such payment shall have expired; provided, however, that such default shall not constitute an Event of Default within the meaning of this Section if, within sixty (60) days or within the time allowed for service of a responsive pleading if any proceeding to enforce payment of the Indebtedness is commenced, (1) any Obligated Group Member in good faith commences proceedings to contest the existence or payment of such Indebtedness, and (2) sufficient moneys are deposited in escrow with a bank or trust company for the payment of such Indebtedness.

(e) A court having jurisdiction shall enter a decree or order for relief in respect of any Obligated Group Member in an involuntary case under any applicable federal or state bankruptcy, insolvency or other similar law, or appointing a receiver, liquidator, assignee, custodian, trustee, sequestrator (or similar official) of any Obligated Group Member or for any substantial part of the Property of any Obligated Group Member, or ordering the winding up or liquidation of its affairs, and such decree or order shall remain unstayed and in effect for a period of sixty (60) consecutive days.

(f) Any Obligated Group Member shall commence a voluntary case under any applicable federal or state bankruptcy, insolvency or other similar law, or shall consent to the entry of an order for relief in an involuntary case under any such law, or shall consent to the appointment of or taking possession by a receiver, liquidator, assignee, trustee, custodian, sequestrator (or similar official) of any Obligated Group Member or for any substantial part of its Property, or shall make any general assignment for the benefit of creditors, or shall fail generally to pay its debts as they become due or shall take any corporate action in furtherance of the foregoing.

(g) An event of default shall exist under any Related Bond Indenture.

The Obligated Group Representative agrees that, as soon as practicable, and in any event within ten (10) days after such event, the Obligated Group Representative shall notify the Master Trustee of any event which is an Event of Default hereunder which has occurred and is continuing, which notice shall state the nature of such event and the action which the Obligated Group Members propose to take with respect thereto.

Section 4.02. Acceleration; Annulment of Acceleration.

(a) Upon the occurrence and during the continuation of an Event of Default, the Master Trustee may, and upon the written request of the Holders of not less than a majority in aggregate principal amount of Outstanding Master Indenture Obligations shall, by notice to the Obligated Group Representative, declare all Outstanding Master Indenture Obligations immediately due and payable. Upon such declaration of acceleration, all Outstanding Master Indenture Obligations shall be immediately due and payable; provided that, if the terms of any Related Supplement give a Person the right to consent to acceleration of the Master Indenture Obligations issued pursuant to such Related Supplement, the Master Indenture Obligations issued pursuant to such Related Supplement may not be accelerated by the Master Trustee unless such consent is properly obtained pursuant to the terms of such Related Supplement. In the event of acceleration, an amount equal to the aggregate principal amount of all Outstanding Master Indenture Obligations, plus all interest accrued thereon and, to the extent permitted by applicable law, which accrues on such principal and interest to the date of payment, and all other amounts due thereunder, shall be due and payable on the Master Indenture Obligations.

(b) At any time after the Master Indenture Obligations have been declared to be due and payable, and before the entry of a final judgment or decree in any proceeding instituted with respect to the Event of Default that resulted in the declaration of acceleration, the Master Trustee may annul such declaration and its consequences if:

(i) the Obligated Group Members have paid (or caused to be paid or deposited with the Master Trustee moneys sufficient to pay) all payments then due on all Outstanding Master Indenture Obligations (other than payments then due only because of such declaration); and

(ii) the Obligated Group Members have paid (or caused to be paid or deposited with the Master Trustee moneys sufficient to pay) all fees and expenses of the Master Trustee then due; and

(iii) the Obligated Group Members have paid (or caused to be paid or deposited with the Master Trustee moneys sufficient to pay) all other amounts then payable by the Obligated Group hereunder; and

(iv) every Event of Default (other than a default in the payment of Required Payments on such Master Indenture Obligations then due only because of such declaration) has been remedied.

No such annulment shall extend to or affect any subsequent Event of Default or impair any right with respect to any subsequent Event of Default.

Section 4.03. Additional Remedies and Enforcement of Remedies.

(a) Upon the occurrence and continuance of any Event of Default, the Master Trustee may, and upon the written request of the Holders of not less than a majority in aggregate principal amount of the Outstanding Master Indenture Obligations (and upon indemnification of the Master Trustee to its satisfaction by the Obligated Group for any such request), shall, proceed

to protect and enforce its rights and the rights of the Holders hereunder by such proceedings as may be deemed expedient, including but not limited to:

(i) Enforcement of the right of the Holders to collect amounts due or becoming due under the Master Indenture Obligations;

(ii) Civil action upon all or any part of the Master Indenture Obligations;

(iii) Civil action to require any Person holding moneys, documents or other property pledged to secure payment of amounts due or to become due on the Master Indenture Obligations to account as if it were the trustee of an express trust for the Holders of Master Indenture Obligations;

(iv) Civil action to enjoin any acts which may be unlawful or in violation of the rights of the Holders of Master Indenture Obligations;

(v) Civil action to obtain a writ of mandate against any Obligated Group Member or against any officer or member of the Governing Body of any Obligated Group Member to compel performance of any act specifically required by this Master Indenture or any Master Indenture Obligation; and

(vi) Enforcement of any other right or remedy of the Holders conferred by law or hereby.

(b) Regardless of the occurrence of an Event of Default, if requested in writing by the Holders of not less than a majority in aggregate principal amount of the Outstanding Master Indenture Obligations (and upon indemnification of the Master Trustee to its satisfaction for such request), the Master Trustee shall institute and maintain such proceedings as it may be advised shall be necessary or expedient (1) to prevent any impairment of the security hereunder by any acts which may be unlawful or in violation hereof, or (2) to preserve or protect the interests of the Holders. However, the Master Trustee shall not comply with any such request or institute and maintain any such proceeding that is in conflict with any applicable law or the provisions hereof or (in the sole judgment of the Master Trustee) is unduly prejudicial to the interests of the Holders not making such request. Nothing herein shall be deemed to authorize the Master Trustee to authorize or consent to or accept or adopt on behalf of any Holder any plan of reorganization, arrangement, adjustment, or composition affecting the Master Indenture Obligations or the rights of any Holder thereof, or to authorize the Master Trustee to vote in respect of the claim of any Holder in any such proceeding without the approval of the Holders so affected.

Section 4.04. Application of Moneys After Default. During the continuance of an Event of Default, all moneys received by the Master Trustee pursuant to any right given or action taken under the provisions of this Article (after payment of the costs of the proceedings resulting in the collection of such moneys and payment of all fees, expenses, fees and expenses of its attorneys and advisors and other amounts owed to the Master Trustee) shall be applied as follows:

(a) Unless all Outstanding Master Indenture Obligations have become or have been declared due and payable (or if any such declaration is annulled in accordance with the terms of this Article):

First: To the payment of all Required Payments then due on the Master Indenture Obligations (including Financial Product Payments to the extent made pursuant to a Financial Product Agreement secured or evidenced by a Master Indenture Obligation and Parity Financial Product Extraordinary Payments), in the order of their due dates, and, if the amount available is not sufficient to pay in full all Required Payments due on the same date, then to the payment thereof ratably, according to the amount Required Payments due on such date, without any discrimination or preference;

Second: To the payment of all Financial Product Extraordinary Payments made pursuant to a Financial Product Agreement secured or evidenced by a Master Indenture Obligation (other than Parity Financial Product Extraordinary Payments), in the order of their due dates, and, if the amount available is not sufficient to pay in full all Financial Product Extraordinary Payments due on the same date, then to the payment thereof ratably, according to the amounts of Financial Product Extraordinary Payments due on such date, without any discrimination or preference.

(b) If all Outstanding Master Indenture Obligations have become or have been declared due and payable (and such declaration has not been annulled under the terms of this Article):

First: To the payment of all Required Payments then due on the Master Indenture Obligations (including (i) Financial Product Payments to the extent made pursuant to a Financial Product Agreement secured or evidenced by a Master Indenture Obligation and (ii) Parity Financial Product Extraordinary Payments), and, if the amount available is not sufficient to pay in full the whole amount then due and unpaid, then to the payment thereof ratably, without preference or priority, according to the amounts due respectively, without any discrimination or preference; and

Second: To the payment of all Financial Product Extraordinary Payments made pursuant to a Financial Product Agreement secured or evidenced by a Master Indenture Obligation (other than Parity Financial Product Extraordinary Payments), and, if the amount available is not sufficient to pay in full all such Financial Product Extraordinary Payments, then to the payment thereof ratably, without any discrimination or preference.

Such moneys shall be applied at such times as the Master Trustee shall determine, having due regard for the amount of moneys available and the likelihood of additional moneys becoming available in the future. Upon any date fixed by the Master Trustee for the application of such moneys to the payment of principal, interest on the amounts of principal to be paid on such date shall cease to accrue. The Master Trustee shall give such notices as it may deem appropriate of the deposit with it of such moneys or of the fixing of such dates. The Master Trustee shall not be required to make payment to the Holder of any unpaid Master Indenture Obligation until such

Master Indenture Obligation (and all unmatured interest coupons, if any) is presented to the Master Trustee for appropriate endorsement of any partial payment or for cancellation if fully paid.

Whenever all Master Indenture Obligations have been paid under the terms of this Section and all fees and expenses of the Master Trustee have been paid, any balance remaining shall be paid to the Person entitled to receive such balance. If no other Person is entitled thereto, then the balance shall be paid to the Members of the Obligated Group or such Person as a court of competent jurisdiction may direct.

Section 4.05. Remedies Not Exclusive. No remedy granted by the terms of this Master Indenture is intended to be exclusive of any other remedy. Each remedy shall be cumulative and shall be in addition to every other remedy given hereunder or existing at law or in equity.

Section 4.06. Remedies Vested in the Master Trustee. All rights of action (including the right to file proof of claims) hereunder or under any of the Master Indenture Obligations may be enforced by the Master Trustee without the possession of any of the Master Indenture Obligations or the production thereof in any proceeding relating thereto. Any proceeding instituted by the Master Trustee may be brought in its name as the Master Trustee without the necessity of joining any Holders as plaintiffs or defendants. Subject to the provisions of Section 4.04, any recovery or judgment shall be for the equal benefit of the Holders of the Outstanding Master Indenture Obligations.

Section 4.07. Master Trustee to Represent Holders. The Master Trustee is hereby irrevocably appointed as trustee and attorney in fact for the Holders for the purpose of exercising on their behalf the rights and remedies available to the Holders under the provisions of this Master Indenture, the Master Indenture Obligations, any Related Supplement and applicable provisions of law, in each case subject to the provisions of Section 4.08. The Holders, by taking and holding the Master Indenture Obligations, shall be conclusively deemed to have so appointed the Master Trustee.

Section 4.08. Holders' Control of Proceedings. If an Event of Default has occurred and is continuing, notwithstanding anything herein to the contrary, the Holders of at least a majority in aggregate principal amount of Outstanding Master Indenture Obligations shall have the right (upon the indemnification of the Master Trustee to its satisfaction) to direct the method and/or place of conducting any proceeding to be taken in connection with the enforcement of the terms hereof. Such direction must be in writing, signed by such Holders and delivered to the Master Trustee. The Master Trustee shall not, however, follow any such direction that conflicts with any applicable law or the provisions of this Master Indenture or that, in the sole judgment of the Master Trustee, is unduly prejudicial to the interests of the Holders not joining in such direction. Nothing in this Section shall impair the right of the Master Trustee to take any other action authorized by this Master Indenture which it may deem proper and which is not inconsistent with such direction by Holders.

Section 4.09. Termination of Proceedings. In case any proceeding instituted by the Master Trustee with respect to any Event of Default is discontinued or abandoned for any reason or is determined adversely to the Master Trustee or the Holders, then the Obligated Group Members, the Master Trustee and the Holders shall be restored to their former positions and rights hereunder.

All rights, remedies and powers of the Master Trustee and the Holders shall continue as if no such proceeding had been taken.

Section 4.10. Waiver of Event of Default.

(a) No delay or omission of the Master Trustee or of any Holder to exercise any right with respect to any Event of Default shall impair such right or shall be construed to be a waiver of or acquiescence to such Event of Default. Every right and remedy given by this Article to the Master Trustee and the Holders may be exercised from time to time and as often as may be deemed expedient by them.

(b) The Master Trustee may waive any Event of Default which in its opinion has been remedied before the entry of a final judgment or decree in any proceeding instituted by it under the provisions hereof, or before the completion of the enforcement of any other remedy hereunder.

(c) Upon the written request of the Holders of at least a majority in aggregate principal amount of Outstanding Master Indenture Obligations, the Master Trustee shall waive any Event of Default hereunder and its consequences; provided, however, that, except under the circumstances set forth in subsection (b) of Section 4.02, the failure to pay the principal of, premium, if any, or interest on any Master Indenture Obligation when due may not be waived without the written consent of the Holders of all Outstanding Master Indenture Obligations.

(d) In case of any waiver by the Master Trustee of an Event of Default, the Obligated Group Members, the Master Trustee and the Holders shall be restored to their former positions and rights. No waiver shall extend to, or impair any right with respect to, any other Event of Default.

Section 4.11. Appointment of Receiver. Upon the occurrence and continuance of any Event of Default, the Master Trustee shall be entitled (a) without declaring the Master Indenture Obligations to be due and payable, (b) after declaring the Master Indenture Obligations to be due and payable, or (c) upon the commencement of any proceeding to enforce any right of the Master Trustee or the Holders, to the appointment of a receiver or receivers of any or all of the Property of the Obligated Group Members (without the necessity of notice to any Obligated Group Member or any other Person), with such powers as the court making such appointment shall confer. Each Obligated Group Member consents, and agrees to consent if requested by the Master Trustee, consent at the time of application by the Master Trustee for appointment of a receiver, to the appointment of such receiver and agrees that such receiver may be given the right, to the extent the right may lawfully be given, to take possession of, operate and deal with such Property and the revenues, profits and proceeds therefrom, with the same effect as the Obligated Group Member could, and to borrow money and issue evidences of indebtedness as such receiver.

Section 4.12. Remedies Subject to Provisions of Law. All rights, remedies and powers provided by this Article may be exercised only to the extent that the exercise thereof does not violate any applicable provision of law, including any Industry Restrictions or any government restriction. All the provisions of this Article are intended to be limited to the extent necessary so

that they will not render any provision hereof invalid or unenforceable under the provisions of any applicable law, including any Industry Restrictions or any government restriction.

Section 4.13. Notice of Default. Within ten (10) days after a Responsible Officer of the Master Trustee has actual knowledge or has received written notice of the occurrence of an Event of Default, the Master Trustee shall mail notice of such Event of Default to all Holders, unless such Event of Default has been cured before the giving of such notice (the term "Event of Default" for the purposes of this Section being limited to the events specified in subsections (a)-(g) of Section 4.01, not including any periods of grace provided for in subsections (c), (d) and (e), and regardless of the giving of written notice specified in subsection (c) of Section 4.01). Except in the case of default in the payment of the principal of or premium, if any, or interest on any of the Master Indenture Obligations and the Events of Default specified in subsections (e) and (f) of Section 4.01, the Master Trustee shall be protected in withholding such notice if and so long as the Master Trustee in good faith determines that the withholding of such notice is in the best interest of the Holders.

ARTICLE V
THE MASTER TRUSTEE

Section 5.01. Certain Duties and Responsibilities.

(a) Except during the continuance of an Event of Default:

(i) The Master Trustee undertakes to perform such duties and only such duties as are specifically set forth in this Master Indenture, and no implied covenant or obligation shall be read into this Master Indenture against the Master Trustee; and

(ii) In the absence of bad faith on its part, the Master Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon Certificates or opinions furnished to the Master Trustee and conforming to the requirements of this Master Indenture.

(b) In case an Event of Default has occurred and is continuing, the Master Trustee shall exercise such of the rights and powers vested in it by this Master Indenture, and use the same degree of care and skill in their exercise, as a prudent person would exercise or use under the circumstances in the conduct of such person's own affairs.

(c) The Master Trustee shall not be liable in connection with the performance of its duties hereunder, except for its own negligence or willful misconduct.

(d) No provision of this Master Indenture shall be construed to relieve the Master Trustee from liability for its own negligent action, its own negligent failure to act or its own willful misconduct, except that:

(i) this subsection shall not be construed to limit the effect of subsection (a) of this Section;

(ii) the Master Trustee shall not be liable for any error of judgment made in good faith by a Responsible Officer, unless it is proved that the Master Trustee was negligent in ascertaining the pertinent facts;

(iii) the Master Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the Holders given in accordance with Section 4.08; and

(iv) no provision of this Master Indenture shall require the Master Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers.

The Master Trustee will keep on file at its office a list of the names and addresses of the last known Holders of all Master Indenture Obligations and the numbers of such Master Indenture Obligations held by each of such Holders. At reasonable times and under reasonable regulations established by the Master Trustee, upon reasonable prior notice, said list may be inspected and copied by the Obligated Group Members, any Master Indenture Obligation Holder or the authorized representative thereof, provided that the ownership of such Holder and the authority of any such designated representative shall be evidenced to the satisfaction of the Master Trustee.

(e) Every provision of this Master Indenture relating to the conduct of, affecting the liability of or affording protection to the Master Trustee shall be subject to the provisions of this Section.

Section 5.02. Certain Rights of Master Trustee. Subject to Section 5.01:

(a) The Master Trustee may conclusively rely upon any document believed by it to be genuine and to have been signed or presented by the proper party or parties.

(b) Any request or direction of the Obligated Group Representative mentioned herein shall be sufficiently evidenced by an Officer's Certificate. Any action of the Governing Body of any Obligated Group Member shall be sufficiently evidenced by a copy of a resolution certified by the secretary or an assistant secretary of the Obligated Group Member to have been duly adopted by the Governing Body and to be in full force and effect on the date of such certification and delivered to the Master Trustee.

(c) Whenever in the administration of this Master Indenture the Master Trustee shall deem it desirable that a matter be proved or established prior to taking, allowing or omitting any action hereunder, the Master Trustee may (in the absence of bad faith on its part and unless other evidence is specifically prescribed by this Master Indenture) request and conclusively rely upon an Officer's Certificate.

(d) The Master Trustee may consult with counsel of its selection, and any opinion of such counsel shall be full and complete authorization and protection with respect to any action taken, allowed or omitted by it hereunder in good faith and in reliance thereon.

(e) The Master Trustee shall be under no obligation to exercise any of the rights or powers vested in it by this Master Indenture at the request or direction of any of the Holders,

unless such Holders shall have offered to the Master Trustee reasonable security or indemnity satisfactory to the Master Trustee against the costs, expenses and liabilities which might be incurred by it in compliance with such request or direction.

(f) The Master Trustee shall not be bound to make any investigation into the facts stated in any document delivered to it hereunder, but the Master Trustee, in its discretion, may make such further inquiry or investigation into such facts as it may see fit. If the Master Trustee determines to make such further inquiry or investigation, it shall be entitled to examine the books, records and premises of any Obligated Group Member (excluding specifically donor records, patient records and personnel records), personally or by agent or attorney, during regular business hours and after reasonable notice.

(g) The Master Trustee may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or through agents. The Master Trustee shall not be responsible for any misconduct or negligence on the part of any agent appointed by it with due care.

(h) The Master Trustee shall not be liable for any action taken, suffered, or omitted to be taken by it in good faith and reasonably believed by it to be authorized or within the discretion or rights or powers conferred upon it by this Master Indenture.

(i) The Master Trustee shall not be deemed to have notice of any default or Event of Default unless a Responsible Officer of the Master Trustee has actual knowledge thereof or unless written notice of any event which is in fact such a default is received by the Master Trustee at the Corporate Trust Office of the Master Trustee, and such notice references this Master Indenture.

(j) The Master Trustee shall have the right to accept and act upon instructions, including funds transfer instructions ("Instructions") given pursuant to this Master Indenture and delivered using Electronic Means ("Electronic Means" shall mean the following communications methods: e-mail, facsimile transmission, secure electronic transmission containing applicable authorization codes, passwords and/or authentication keys issued by the Master Trustee, or another method or system specified by the Master Trustee as available for use in connection with its services hereunder); provided, however, that the Obligated Group Representative shall provide to the Master Trustee an incumbency certificate listing officers with the authority to provide such Instructions ("Authorized Officers") and containing specimen signatures of such Authorized Officers, which incumbency certificate shall be amended by the Obligated Group Representatives whenever a person is to be added or deleted from the listing. If the Obligated Group Representatives elect to give the Master Trustee Instructions using Electronic Means and the Master Trustee in its discretion elects to act upon such Instructions, the Master Trustee's understanding of such Instructions shall be deemed controlling. The Obligated Group Representative understands and agrees that the Master Trustee cannot determine the identity of the actual sender of such Instructions and that the Master Trustee shall conclusively presume that directions that purport to have been sent by an Authorized Officer listed on the incumbency certificate provided to the Master Trustee have been sent by such Authorized Officer. The Obligated Group Representatives shall be responsible for ensuring that only Authorized Officers transmit such Instructions to the Master Trustee and that the Obligated Group Representatives and all Authorized Officers are solely responsible to safeguard the use and confidentiality of applicable user and

authorization codes, passwords and/or authentication keys upon receipt by the Obligated Group Representatives. The Master Trustee shall not be liable for any losses, costs or expenses arising directly or indirectly from the Master Trustee's reliance upon and compliance with such Instructions notwithstanding such directions conflict or are inconsistent with a subsequent written instruction. The Obligated Group Representatives agree: (i) to assume all risks arising out of the use of Electronic Means to submit Instructions to the Master Trustee, including without limitation the risk of the Master Trustee acting on unauthorized Instructions, and the risk of interception and misuse by third parties; (ii) that it is fully informed of the protections and risks associated with the various methods of transmitting Instructions to the Master Trustee and that there may be more secure methods of transmitting Instructions than the method(s) selected by the Obligated Group Representatives; (iii) that the security procedures (if any) to be followed in connection with its transmission of Instructions provide to it a commercially reasonable degree of protection in light of its particular needs and circumstances; and (iv) to notify the Master Trustee immediately upon learning of any compromise or unauthorized use of the security procedures.

(k) The Master Trustee shall not be liable to the parties hereto or deemed in breach or default hereunder if and to the extent its performance hereunder is prevented by reason of force majeure. The term "force majeure" means an occurrence that is beyond the control of the Master Trustee and could not have been avoided by exercising due care. Force majeure shall include acts of God, terrorism, war, riots, strikes, fire, floods, earthquakes, epidemics, pandemics or other similar occurrences.

(l) The permissive right of the Master Trustee to do things enumerated in this Master Indenture shall not be construed as a duty and the Master Trustee shall not be answerable for other than its gross negligence, bad faith or willful misconduct. The Master Trustee shall not be required to give any bond or surety in respect of the execution of the said trusts and powers or otherwise in respect of the premises.

(m) The Master Trustee shall have no responsibility or liability with respect to any information, statements or recital in any offering memorandum or other disclosure material prepared or distributed with respect to the issuance of any Related Bonds.

Section 5.03. Right to Deal in Master Indenture Obligations and Related Bonds. The Master Trustee may buy, sell or hold and deal in any Master Indenture Obligations and Related Bonds with the same effect as if it were not the Master Trustee. The Master Trustee may commence or join in any action which a Holder or holder of a Related Bond is entitled to take with the same effect as if the Master Trustee were not the Master Trustee.

Section 5.04. Removal and Resignation of the Master Trustee.

(a) The Master Trustee may be removed at any time by an instrument or instruments in writing signed by (1) the Holders of not less than a majority of the principal amount of Outstanding Master Indenture Obligations or (2) (unless an Event of Default has occurred and is then continuing) the Obligated Group Representative. The Master Trustee shall be provided thirty (30) day prior notice of any request for resignation.

(b) The Master Trustee may at any time resign by giving written notice of such resignation to the Obligated Group Representative.

(c) No such resignation or removal shall become effective unless and until a successor Master Trustee has been appointed and has assumed the trusts created hereby. Written notice of removal of the predecessor Master Trustee and/or appointment of the successor Master Trustee shall be given by the successor Master Trustee within ten (10) days of the successor's acceptance of appointment to the Obligated Group Members and to each Holder at the addresses shown on the books of the Master Trustee. A successor Master Trustee may be appointed at the direction of the Holders of not less than a majority in aggregate principal amount of Outstanding Master Indenture Obligations, or, if the Master Trustee has resigned or has been removed by the Obligated Group Representative, by the Obligated Group Representative. In the event a successor Master Trustee has not been appointed and qualified within sixty (60) days of the date notice of resignation or removal is given, the Master Trustee, any Obligated Group Member or any Holder may apply at the expense of the Obligated Group Members to any court of competent jurisdiction for the appointment of an interim successor Master Trustee to act until such time as a permanent successor is appointed.

(d) Unless otherwise ordered by a court or regulatory body having competent jurisdiction, or unless required by law, any successor Master Trustee shall be a national banking association, trust company or bank having the powers of a trust company as to trusts, qualified to do and doing trust business in one or more states of the United States of America and having an officially reported combined capital, surplus, undivided profits and reserves aggregating at least $50,000,000, if there is such an institution willing, qualified and able to accept the trust upon reasonable or customary terms.

(e) Every successor Master Trustee shall execute and deliver to its predecessor and to each Obligated Group Member a written instrument accepting such appointment. Upon the delivery of such acceptance, the successor Master Trustee shall become fully vested with all the rights, immunities, powers, trusts, duties and obligations of its predecessor. The predecessor shall execute and deliver to the successor Master Trustee a written instrument transferring to the successor Master Trustee all the rights, powers and trusts of the predecessor. The predecessor Master Trustee (upon payment of all amounts owed to it) shall execute any documents necessary or appropriate to convey all interest it may have to the successor Master Trustee. The predecessor Master Trustee shall promptly deliver all records relating to the trust or copies thereof and communicate all material information it may have obtained concerning the trust to the successor Master Trustee.

Section 5.05. Compensation and Reimbursement. Subject to the provisions of any specific agreement between the Obligated Group Representative and the Master Trustee relating to the compensation of the Master Trustee, each Obligated Group Member agrees:

(a) To pay the Master Trustee from time to time reasonable compensation for all services rendered by it hereunder (which compensation shall not be limited by any provision of law in regard to the compensation of a trustee of an express trust).

(b) Except as otherwise expressly provided herein, to reimburse the Master Trustee upon its request for all reasonable expenses, disbursements and advances incurred or made by the Master Trustee in accordance with any provision of this Master Indenture (including the reasonable compensation and the expenses and disbursements of its counsel and its agents), except

any such expense, disbursement or advance as may be attributable to its negligence, willful misconduct or bad faith.

(c) To indemnify each of the Master Trustee and its officers, directors, agents and employees and any predecessor Master Trustee for, and to hold it and them harmless against, any and all loss, liability, damages, claim or expense, including taxes (other than taxes based on the income of the Master Trustee) incurred without negligence, willful misconduct or bad faith on its part, arising out of or in connection with the acceptance or administration of this trust or its duties hereunder, including without limitation, legal fees and expenses and the costs and expenses of defending itself against any claim or liability in connection with the exercise or performance of any of its powers or duties hereunder.

When the Master Trustee incurs expenses or renders services in connection with an Event of Default specified in Section 4.01(d) or Section 4.01(e), the expenses (including the reasonable charges and expenses of its counsel) and the compensation for the services are intended to constitute expenses of administration under any applicable federal or state bankruptcy, insolvency or other similar law.

The provisions of this Section shall survive the termination of this Master Indenture and the removal or resignation of the Master Trustee.

Section 5.06. Recitals and Representations. The recitals, statements and representations contained herein or in any Master Indenture Obligation (excluding the Master Trustee's authentication on the Master Indenture Obligations) shall be taken and construed as made by and on the part of the Obligated Group Members, and not by the Master Trustee. The Master Trustee assumes no responsibility for the correctness of such statements.

The Master Trustee makes no representation as to, and is not responsible for, the validity or sufficiency of this Master Indenture or of the Master Indenture Obligations. The Master Trustee shall not be concerned with or accountable to anyone for the use or application of any moneys which shall be released or withdrawn in accordance with the provisions hereof. The Master Trustee shall have no duty of inquiry with respect to any Event of Default without actual knowledge of or receipt by the Master Trustee of written notice of an Event of Default from an Obligated Group Member or any Holder.

Section 5.07. Separate or Co-Master Trustee. At any time, for the purpose of meeting any legal requirements of any jurisdiction, the Master Trustee may appoint one or more Persons either to act as co-master trustee with the Master Trustee, or to act as separate master trustee, and to vest in such Persons or Persons, such rights, powers, duties, trusts or obligations as the Master Trustee may consider necessary or desirable, subject to the remaining provisions of this Section.

Every co-master trustee or separate master trustee shall, to the extent permitted by law, be appointed subject to the following terms:

(a) The Master Indenture Obligations shall be authenticated and delivered solely by the Master Trustee.

(b) All rights, powers, trusts, duties and obligations conferred or imposed upon the trustees shall be conferred or imposed upon and exercised or performed as shall be provided in the instrument appointing such co-master trustee or separate master trustee, except to the extent that, under the law of any jurisdiction in which any particular act or acts are to be performed, the Master Trustee is incompetent or unqualified to perform such act or acts, in which event such act or acts shall be performed by such co master trustee or separate master trustee.

(c) Any request in writing by the Master Trustee to any co-master trustee or separate master trustee to take or to refrain from taking any action hereunder shall be sufficient for the taking, or the refraining from taking, of such action by such Person.

(d) Any co-master trustee or separate master trustee may, to the extent permitted by law, delegate to the Master Trustee the exercise of any right, power, trust, duty or obligation, discretionary or otherwise.

(e) The Master Trustee may at any time, by an instrument in writing, accept the resignation of or remove any co-master trustee or separate master trustee appointed under this Section. Upon the request of the Master Trustee, the Obligated Group Members shall join with the Master Trustee in the execution, delivery and performance of all instruments and agreements necessary or proper to effectuate such resignation or removal.

(f) No trustee hereunder shall be personally liable by reason of any act or omission of any other trustee hereunder, nor will the act or omission of any trustee hereunder be imputed to any other trustee.

(g) Any demand, request, direction, appointment, removal, notice, consent, waiver or other action in writing delivered to the Master Trustee shall be deemed to have been delivered to each such co-master trustee or separate master trustee.

(h) Any moneys, papers, securities or other items of personal property received by any such co-master trustee or separate master trustee hereunder shall be turned over to the Master Trustee immediately.

Upon the acceptance in writing of such appointment by any co-master trustee or separate master trustee, such Person shall be vested with such rights, powers, duties or obligations as are specified in the instrument of appointment jointly with the Master Trustee (except insofar as local law makes it necessary for any such co-master trustee or separate master trustee to act alone) subject to all the terms hereof. Every such acceptance shall be filed with the Master Trustee. To the extent permitted by law, any co-master trustee or separate master trustee may, at any time by an instrument in writing, constitute the Master Trustee its attorney-in-fact and agent, with full power and authority to do all acts and things and to exercise all discretion on its behalf and in its name.

In case any co-master trustee or separate master trustee shall become incapable of acting, resign or be removed, all rights, powers, trusts, duties and obligations of such Person shall, so far as permitted by law, vest in and be exercised by the Master Trustee unless and until a successor co-master trustee or separate master trustee shall be appointed in the manner herein provided.

Section 5.08. Merger or Consolidation. Any company into which the Master Trustee may be merged or converted, or with which it may be consolidated, or any company resulting from any merger, conversion or consolidation to which it is a party, or any company to which the Master Trustee may sell or transfer all or substantially all of its corporate trust business (provided such company is eligible under Section 5.04) shall be the successor to the Master Trustee without the execution or filing of any paper or any further act.

ARTICLE VI
SUPPLEMENTS AND AMENDMENTS

Section 6.01. Supplements Not Requiring Consent of Holders. The Obligated Group Representative (acting for itself and as agent for each Obligated Group Member) and the Master Trustee may, without the consent of or notice to any of the Holders, enter into one or more Related Supplements for any of the following purposes:

(a) To correct any ambiguity or formal defect or omission in this Master Indenture;

(b) To correct or supplement any provision which may be inconsistent with any other provision, or to make any other provision with respect to matters or questions arising hereunder and which does not materially and adversely affect the interests of the Holders;

(c) To grant or confer ratably upon all of the Holders any additional collateral, security, rights, remedies, powers or authority, or to add to the covenants of and restrictions on the Obligated Group Members;

(d) To qualify this Master Indenture under the Trust Indenture Act of 1939, as amended, or corresponding provisions of federal law from time to time in effect;

(e) To create and provide for the issuance of a Master Indenture Obligation or Series of Master Indenture Obligations as permitted hereunder;

(f) To obligate a successor to any Obligated Group Member as provided in Section 3.06;

(g) To add a new Obligated Group Member as provided in Section 3.07;

(h) To modify any provision in order to avoid any unintended impact on the compliance by the Obligated Group with financial covenants following any change in GAAP that would affect the computation of any financial ratio or other financial computation under this Master Indenture; or

(i) To make any other change which does not materially and adversely affect the interests of the Holders.

In entering into any Related Supplement, the Master Trustee may rely on an Opinion of Counsel as described in Section 6.03(a).

Section 6.02. Supplements Requiring Consent of Holders.

(a) Other than Related Supplements referred to in Section 6.01 and subject to the terms contained in this Article, the Holders of not less than a majority in aggregate principal amount of the Outstanding Master Indenture Obligations shall have the right to consent to and approve the execution by the Obligated Group Representative (acting for itself and as agent for each Obligated Group Member) and the Master Trustee of such Related Supplements as shall be deemed necessary or desirable for the purpose of modifying, altering, amending, adding to or rescinding any of the terms contained herein; provided, however, that nothing in this Section shall permit or be construed as permitting a Related Supplement which would:

(i) Extend the stated maturity of or time for paying interest on any Master Indenture Obligation or reduce the principal amount of or the redemption premium or rate of interest or change the method of calculating interest payable on or reduce any other Required Payment on any Master Indenture Obligation without the consent of the Holder of such Master Indenture Obligation;

(ii) Modify, alter, amend, add to or rescind any of the terms or provisions contained in Section 3.01 or Article IV so as to affect the right of the Holders of any Master Indenture Obligations in default to compel the Master Trustee to declare the principal of all Master Indenture Obligations to be due and payable, without the consent of the Holders of all Outstanding Master Indenture Obligations; or

(iii) Reduce the aggregate principal amount of Outstanding Master Indenture Obligations the consent of the Holders of which is required to authorize such Related Supplement without the consent of the Holders of all Master Indenture Obligations then Outstanding.

(b) The Master Trustee may execute a Related Supplement (in substantially the form delivered to it as described below) without liability or responsibility to any Holder (whether or not such Holder has consented to the execution of such Related Supplement) if the Master Trustee receives:

(i) a Request of the Obligated Group Representative to enter into such Related Supplement; and

(ii) a certified copy of the resolution of the Governing Body of the Obligated Group Representative approving the execution of such Related Supplement; and

(iii) the proposed Related Supplement; and

(iv) an instrument or instruments executed by the Holders of not less than the aggregate principal amount or number of Master Indenture Obligations specified in subsection (a) for the Related Supplement in question which instrument or instruments shall refer to the proposed Related Supplement and shall specifically consent to and approve the execution thereof in substantially the form of the copy thereof as on file with the Master Trustee.

(c) Any such consent shall be binding upon the Holder of the Master Indenture Obligation giving such consent and upon any subsequent Holder of such Master Indenture Obligation and of any Master Indenture Obligation issued in exchange therefor (whether or not such subsequent Holder thereof has notice thereof). At any time after the Holders of the required principal amount or number of Master Indenture Obligations shall have filed their consents to the Related Supplement, the Master Trustee shall file a written statement to that effect with the Obligated Group Representative. Such written statement shall be conclusive evidence that such consents have been so filed.

(d) The written consent of the Holders of Master Indenture Obligations may be effected through either (i) a consent by the underwriter or purchaser of the Master Indenture Obligation or Related Bonds at the time of the issuance of the Master Indenture Obligation, (ii) a provision of a Related Supplement that deems any purchasers purchasing the Master Indenture Obligation or Related Bonds to have consented for purposes of this Section 6.02, or (iii) a provision in a Related Bond Indenture that deems the purchase of Related Bonds by the beneficial owners thereof to be an irrevocable direction to the Holder of the related Master Indenture Obligation to consent to the Related Supplement.

(e) If the Holders of the required principal amount or number of the Outstanding Master Indenture Obligations have consented to the execution of such Related Supplement, no Holder shall have any right to object to the execution thereof, to object to any of the terms and provisions contained therein or the operation thereof, to question the propriety of the execution thereof or to enjoin or restrain the Master Trustee or the Obligated Group Representative from executing such Related Supplement or from taking any action pursuant to the provisions thereof.

Section 6.03. Execution and Effect of Supplements.

(a) In executing any Related Supplement permitted by this Article, the Master Trustee shall be provided and entitled and to rely upon an Opinion of Counsel stating that the execution of such Related Supplement is authorized or permitted hereby. The Master Trustee may (but shall not be obligated to) enter into any Related Supplement that materially and adversely affects the Master Trustee's own rights, duties or immunities.

(b) Upon the execution and delivery of any Related Supplement in accordance with this Article, the provisions of this Master Indenture shall be deemed modified in accordance therewith. Such Related Supplement shall form a part hereof for all purposes and every Holder shall be bound thereby.

(c) Any Master Indenture Obligation authenticated and delivered after the execution and delivery of any Related Supplement in accordance with this Article may, and, if required by the Obligated Group Representative or the Master Trustee shall, bear a notation in form approved by the Master Trustee as to any matter provided for in such Related Supplement. If the Obligated Group Representative or the Master Trustee shall so determine, new Master Indenture Obligations so modified as to conform in the opinion of the Master Trustee and the Governing Body of the Obligated Group Representative to any such Related Supplement may be prepared and executed by the Obligated Group Representative and authenticated and delivered by

the Master Trustee in exchange for and upon surrender of Master Indenture Obligations then Outstanding.

Section 6.04. Amendment of Related Supplements. Any Related Supplement may provide that the provisions thereof may be amended without the consent of or notice to any of the Holders, or pursuant to such terms and conditions as may be specified in such Related Supplement. If a Related Supplement does not contain provisions relating to the amendment thereof, the amendment of such Related Supplement shall by governed by the provisions of Section 6.01 and Section 6.02 hereof.

ARTICLE VII
SATISFACTION AND DISCHARGE

Section 7.01. Satisfaction and Discharge of Master Indenture. This Master Indenture shall cease to be of further effect (except for Section 5.05, which shall survive) if:

(a) all Master Indenture Obligations previously authenticated (other than any Master Indenture Obligations which have been mutilated, destroyed, lost or stolen and which have been replaced or paid as provided in any Related Supplement) and not cancelled are delivered to the Master Trustee for cancellation; or

(b) all Master Indenture Obligations not previously cancelled or delivered to the Master Trustee for cancellation are paid; or

(c) a deposit is made in trust with the Master Trustee (or with one or more banks, national banking associations or trust companies pursuant to one or more agreements between an Obligated Group Member and such national banking associations or trust companies) in cash or Government Obligations or both, sufficient to pay at maturity or upon redemption all Master Indenture Obligations not previously cancelled or delivered to the Master Trustee for cancellation, including principal and interest or other payments (including Financial Product Payments and Financial Product Extraordinary Payments) due or to become due to such date of maturity, redemption date or payment date, as the case may be;

and all other sums payable hereunder by the Obligated Group Members are also paid (or have been caused to be paid or there has been deposited with the Master Trustee moneys in sufficient amounts to pay such sums). The Master Trustee, on demand of the Obligated Group Representative and at the cost and expense of the Obligated Group Members, shall execute proper instruments acknowledging satisfaction of and discharging this Master Indenture and authorizing the Obligated Group Representative to file such terminations and releases as may be necessary to evidence the termination of the Master Trustee's security interest in the Gross Receivables. Unless the deposit(s) pursuant to clause (c) above is made solely with cash, the Obligated Group Representative shall cause a report to be prepared by a firm nationally recognized for providing verification services regarding the sufficiency of funds for such discharge and satisfaction provided pursuant to clause (c) above, upon which report the Master Trustee may rely.

The Obligated Group Members shall pay and indemnify the Master Trustee against any tax, fee or other charge imposed on or assessed against the Government Obligations deposited pursuant to this Section 7.01 or the principal and interest received in respect thereof other than any

such tax, fee or other charge which by law is for the account of the Holders of Outstanding Master Indenture Obligations.

Section 7.02. Payment of Master Indenture Obligations After Discharge of Lien. Notwithstanding the discharge of the lien of this Master Indenture as provided in this Article, the Master Trustee shall retain such rights, powers and duties as may be necessary and convenient for the payment of amounts due or to become due on the Master Indenture Obligations and for the registration, transfer, exchange and replacement of Master Indenture Obligations. Any moneys held by the Master Trustee for the payment of the principal of, premium, if any, or interest or any other Required Payment on any Master Indenture Obligation remaining unclaimed for one year after the principal of all Master Indenture Obligations has become due and payable, whether at maturity, upon proceedings for redemption or by declaration as provided herein, shall then be paid to the Obligated Group Members. The Holders of any Master Indenture Obligations or coupons not previously presented for payment shall thereafter be entitled to look only to the Obligated Group Members for payment thereof as unsecured creditors and all liability of the Master Trustee with respect to such moneys shall thereupon cease.

ARTICLE VIII
MISCELLANEOUS PROVISIONS

Section 8.01. Limitation of Rights. With the exception of rights herein expressly conferred, nothing expressed or mentioned in or to be implied from this Master Indenture or the Master Indenture Obligations is intended or shall be construed to give to any Person other than each Obligated Group Member, the Master Trustee, the Related Bonds Issuers and the Holders any legal or equitable right, remedy or claim under or with respect to this Master Indenture. This Master Indenture and all of the covenants, conditions and provisions hereof are intended to be and are for the sole and exclusive benefit of the parties mentioned in this Section.

Section 8.02. Severability. If any part of this Master Indenture is for any reason held invalid or unenforceable, no other part shall be invalidated or deemed unenforceable.

Section 8.03. Holidays. Except to the extent a Related Supplement or a Master Indenture Obligation provides otherwise:

(a) Subject to subsection (b), when any action is provided herein to be done on a day or within a time period named, and the day or the last day of the period falls on a day on which banking institutions in the jurisdiction where the Corporate Trust Office is located are authorized by law to remain closed, the action may be done on the next ensuing day that is not a day on which banking institutions in such jurisdiction are authorized by law to remain closed, with the same effect as if done on the day or within the time period named.

(b) When the date on which principal of or interest or premium on any Master Indenture Obligation is due and payable is a day on which banking institutions at the place of payment are authorized by law to remain closed, payment may be made on the next ensuing day on which banking institutions at such place are not authorized by law to remain closed with the same effect as if payment were made on the due date, and, if such payment is made, no interest shall accrue from and after such due date.

Section 8.04. Credit Enhancer Deemed Holder of Master Indenture Obligation. Except to the extent a Related Supplement or a Master Indenture Obligation provides otherwise, any credit enhancer of Related Bonds shall be deemed the Holder of the related Master Indenture Obligation for purposes of this Master Indenture for so long as the credit enhancement is in effect and the credit enhancer is not in default thereunder. If the credit enhancement is applicable to a portion of Related Bonds, such Related Master Indenture Obligation shall be treated as if such Related Master Indenture Obligation were two Master Indenture Obligations, one in the principal amount of the Related Bonds for which the credit enhancement is applicable and another in the principal amount of the remainder of the Related Bonds.

Section 8.05. Governing Law. This Master Indenture and the Master Indenture Obligations are contracts made under the laws of the State, and shall be governed by and construed in accordance with such laws applicable to contracts made and performed in said State.

Section 8.06. Counterparts. This Master Indenture may be executed in several counterparts, each of which shall be an original and all of which shall constitute one instrument.

Section 8.07. Immunity of Individuals. No recourse shall be had for the payment of the principal of, premium, if any, or interest on any of the Master Indenture Obligations issued hereunder or for any claim based thereon or upon any obligation, covenant or agreement herein against any past, present or future officer, director, trustee, member, employee or agent of any Obligated Group Member which is a corporation, whether directly or indirectly. All liability of any such individual is hereby expressly waived and released as a condition of and in consideration for the execution hereof and the issuance of the Master Indenture Obligations.

Section 8.08. Binding Effect. This instrument shall inure to the benefit of and shall be binding upon each Obligated Group Member, the Master Trustee and their respective successors and assigns, subject to the limitations contained herein.

Section 8.09. Notices

(a) Unless otherwise expressly specified or permitted by the terms hereof, all notices, consents or other communications required or permitted hereunder shall be in writing and shall be deemed sufficiently given or served if given: (i) by facsimile or electronic mail with prompt telephonic confirmation of receipt; (ii) personally by hand; (iii) by overnight delivery service; or (iv) by first class mail, postage prepaid and addressed as follows:

(i) If to the Obligated Group Representative, addressed to it at Community Hospitals of Central California 789 Medical Center Drive East, Clovis, CA 93611, Attention: Chief Financial Officer;

(ii) If to the Master Trustee, addressed to it at the Corporate Trust Office; or

(iii) If to the registered Holder of a Master Indenture Obligation, addressed to such Holder at the address shown on the books of the Master Trustee.

(b) The Obligated Group Representative or the Master Trustee may from time to time designate a different address or addresses for notice by notice in writing to the others and to the Holders.

(c) All notices and other communications given hereunder shall be deemed given as of the date received.

IN WITNESS WHEREOF, the Corporation and FHC have caused this Master Indenture to be signed in their respective names by their duly authorized officers, and to evidence their acceptance of the trusts and agreements hereby created and The Bank of New York Mellon Trust Company, N.A., has caused this Master Indenture to be signed in its name by one of its duly authorized officers, all as of the day and year first above written.

COMMUNITY HOSPITALS OF CENTRAL CALIFORNIA

By _____
Authorized Representative

FRESNO COMMUNITY HOSPITAL AND MEDICAL CENTER

By _____
Authorized Representative

THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.,
as Master Trustee

By _____
Authorized Officer

APPENDIX A TO MASTER INDENTURE
EXISTING PERMITTED LIENS

[To be completed.]

APPENDIX B TO MASTER INDENTURE
EXCLUDED PROPERTY

[NONE]

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APPENDIX D

PROPOSED FORMS OF OPINIONS OF BOND COUNSEL

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[Closing Date]

California Municipal Finance Authority
Carlsbad, California

California Municipal Finance Authority
Revenue Bonds (Community Health System), Series 2021A
(Final Opinion)

Ladies and Gentlemen:

We have acted as bond counsel to the California Municipal Finance Authority (the "Authority") in connection with issuance of $301,500,000 aggregate principal amount of California Municipal Finance Authority Revenue Bonds (Community Health System), Series 2021A (the "Bonds"), issued pursuant to an indenture, dated as of December 1, 2021 (the "Indenture"), between the Authority and The Bank of New York Mellon Trust Company, N.A., as trustee (the "Trustee"). The Indenture provides that the Bonds are issued for the stated purpose of making a loan of the proceeds thereof to Community Hospitals of Central California and Fresno Community Hospital and Medical Center (d/b/a Community Health System) (each a "Borrower" and hereinafter sometimes collectively referred to as the "Borrowers") pursuant to a loan agreement, dated as of December 1, 2021 (the "Loan Agreement"), between the Authority and the Borrowers. Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Indenture.

In such connection, we have reviewed the Indenture, the Loan Agreement, the Tax Agreement, opinions of counsel to the Authority, the Trustee and the Borrowers, certificates of the Authority, the Trustee, the Borrowers and others, and such other documents, opinions and matters to the extent we deemed necessary to render the opinions set forth herein.

We have relied on the opinion of Ropes & Gray LLP, counsel to the Borrowers, regarding, among other matters, the current qualification of the Borrowers as organizations described in Section 501(c)(3) of the Internal Revenue Code of 1986 (the "Code"). We note that the opinion is subject to a number of qualifications and limitations. We have also relied upon representations of the Borrowers regarding the use of the facilities financed or refinanced with the proceeds of the Bonds in activities that are not considered unrelated trade or business activities of the Borrowers within the meaning of Section 513 of the Code. We note that the opinion of counsel to the Borrowers does not address Section 513 of the Code. Failure of the Borrowers to be organized

and operated in accordance with the Internal Revenue Service's requirements for the maintenance of their status as organizations described in Section 501(c)(3) of the Code, or use of the bond-financed or refinanced facilities in activities that are considered unrelated trade or business activities of the Borrowers within the meaning of Section 513 of the Code, may result in interest on the Bonds being included in gross income for federal income tax purposes, possibly from the date of issuance of the Bonds.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after original delivery of the Bonds on the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions are taken or omitted or events do occur or any other matters come to our attention after original delivery of the Bonds on the date hereof. Accordingly, this letter speaks only as of its date and is not intended to, and may not, be relied upon or otherwise used in connection with any such actions, events or matters. Our engagement with respect to the Bonds has concluded with their issuance, and we disclaim any obligation to update this letter. We have assumed the genuineness of all documents and signatures provided to us and the due and legal execution and delivery thereof by, and validity against, any parties other than the Authority. We have assumed, without undertaking to verify, the accuracy of the factual matters represented, warranted or certified in the documents, and of the legal conclusions contained in the opinions, referred to in the second and third paragraphs hereof. Furthermore, we have assumed compliance with all covenants and agreements contained in the Indenture, the Loan Agreement and the Tax Agreement, including (without limitation) covenants and agreements compliance with which is necessary to assure that future actions, omissions or events will not cause interest on the Bonds to be included in gross income for federal income tax purposes. We call attention to the fact that the rights and obligations under the Bonds, the Indenture, the Loan Agreement and the Tax Agreement and their enforceability may be subject to bankruptcy, insolvency, receivership, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against joint powers authorities of the State of California. We express no opinion with respect to any indemnification, contribution, liquidated damages, penalty (including any remedy deemed to constitute or having the effect of a penalty), right of set-off, arbitration, judicial reference, choice of law, choice of forum, choice of venue, non-exclusivity of remedies, waiver or severability provisions contained in the foregoing documents, nor do we express any opinion with respect to the state or quality of title to or interest in any of the assets described in or as subject to the lien of the Indenture or the Loan Agreement or the accuracy or sufficiency of the description contained therein of, or the remedies available to enforce liens on, any such assets. Our services did not include financial or other non-legal advice. Finally, we undertake no responsibility for the accuracy, completeness or fairness of the Official

Statement or other offering material relating to the Bonds and express no opinion with respect thereto.

Based on and subject to the foregoing, and in reliance thereon, as of the date hereof, we are of the following opinions:

1. The Bonds constitute the valid and binding limited obligations of the Authority.

2. The Indenture has been duly executed and delivered by, and constitutes the valid and binding obligation of, the Authority. The Indenture creates a valid pledge, to secure the payment of the principal of and interest on the Bonds, of the Revenues and any other amounts held by the Trustee in any fund or account established pursuant to the Indenture, except the Rebate Fund, subject to the provisions of the Indenture permitting the application thereof for the purposes and on the terms and conditions set forth in the Indenture.

3. The Loan Agreement has been duly executed and delivered by, and constitutes a valid and binding agreement of, the Authority.

4. Interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Code and is exempt from State of California personal income taxes. Interest on the Bonds is not a specific preference item for purposes of the federal alternative minimum tax. We express no opinion regarding other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Bonds.

Faithfully yours,

ORRICK, HERRINGTON & SUTCLIFFE LLP

per

[Closing Date]

California Municipal Finance Authority
Carlsbad, California

California Municipal Finance Authority
Revenue Bonds (Community Health System), Series 2021B (Federally Taxable)
(Final Opinion)

Ladies and Gentlemen:

We have acted as bond counsel to the California Municipal Finance Authority (the "Authority") in connection with issuance of $137,270,000 aggregate principal amount of California Municipal Finance Authority Revenue Bonds (Community Health System), Series 2021B (Federally Taxable) (the "Bonds"), issued pursuant to an indenture, dated as of December 1, 2021 (the "Indenture"), between the Authority and The Bank of New York Mellon Trust Company, N.A., as trustee (the "Trustee"). The Indenture provides that the Bonds are issued for the stated purpose of making a loan of the proceeds thereof to Community Hospitals of Central California and Fresno Community Hospital and Medical Center (d/b/a Community Health System) (each a "Borrower" and hereinafter sometimes collectively referred to as the "Borrowers") pursuant to a loan agreement, dated as of December 1, 2021 (the "Loan Agreement"), between the Authority and the Borrowers. Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Indenture.

In such connection, we have reviewed the Indenture, the Loan Agreement, opinions of counsel to the Authority, the Trustee and the Borrowers, certificates of the Authority, the Trustee, the Borrowers and others, and such other documents, opinions and matters to the extent we deemed necessary to render the opinions set forth herein.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after original delivery of the Bonds on the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions are taken or omitted or events do occur or any other matters come to our attention after original delivery of the Bonds on the date hereof. Accordingly, this letter speaks only as of its date and is not intended to, and may not, be relied upon or otherwise used in connection with any such actions, events or matters. Our engagement with respect to the Bonds

has concluded with their issuance, and we disclaim any obligation to update this letter. We have assumed the genuineness of all documents and signatures provided to us and the due and legal execution and delivery thereof by, and validity against, any parties other than the Authority. We have assumed, without undertaking to verify, the accuracy of the factual matters represented, warranted or certified in the documents, and of the legal conclusions contained in the opinions, referred to in the second paragraph hereof. Furthermore, we have assumed compliance with all covenants and agreements contained in the Indenture and the Loan Agreement. We call attention to the fact that the rights and obligations under the Bonds, the Indenture and the Loan Agreement and their enforceability may be subject to bankruptcy, insolvency, receivership, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against joint powers authorities of the State of California. We express no opinion with respect to any indemnification, contribution, liquidated damages, penalty (including any remedy deemed to constitute or having the effect of a penalty), right of set-off, arbitration, judicial reference, choice of law, choice of forum, choice of venue, non-exclusivity of remedies, waiver or severability provisions contained in the foregoing documents, nor do we express any opinion with respect to the state or quality of title to or interest in any of the assets described in or as subject to the lien of the Indenture or the Loan Agreement or the accuracy or sufficiency of the description contained therein of, or the remedies available to enforce liens on, any such assets. Our services did not include financial or other non-legal advice. Finally, we undertake no responsibility for the accuracy, completeness or fairness of the Official Statement or other offering material relating to the Bonds and express no opinion with respect thereto.

Based on and subject to the foregoing, and in reliance thereon, as of the date hereof, we are of the following opinions:

1. The Bonds constitute the valid and binding limited obligations of the Authority.

2. The Indenture has been duly executed and delivered by, and constitutes the valid and binding obligation of, the Authority. The Indenture creates a valid pledge, to secure the payment of the principal of and interest on the Bonds, of the Revenues and any other amounts held by the Trustee in any fund or account established pursuant to the Indenture, subject to the provisions of the Indenture permitting the application thereof for the purposes and on the terms and conditions set forth in the Indenture.

3. The Loan Agreement has been duly executed and delivered by, and constitutes a valid and binding agreement of, the Authority.

4. Interest on the Bonds is exempt from State of California personal income taxes. We express no opinion regarding other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Bonds.

Faithfully yours,

ORRICK, HERRINGTON & SUTCLIFFE LLP

per

APPENDIX E

FORM OF CONTINUING DISCLOSURE AGREEMENT

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FORM OF CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement, dated December 16, 2021 (this *"Disclosure Agreement"*), is executed and delivered by Community Hospitals of Central California, a nonprofit public benefit corporation duly organized and existing under the laws of the State of California (*"CHCC"*), Fresno Community Hospital and Medical Center (d/b/a Community Health System), a nonprofit public benefit corporation duly organized and existing under the laws of the State of California (*"FCH,"* and, together with CHCC, hereinafter collectively referred to as the "*Health Institutions*"), and The Bank of New York Mellon Trust Company, N.A. (*"BNY"*), a national banking association duly organized and existing under the laws of the United States of America, as trustee (the *"Trustee"*) and as dissemination agent (the *"Dissemination Agent"*) in connection with the issuance of [$301,500,000][$137,270,000] in aggregate principal amount of California Municipal Finance Authority Revenue Bonds (Community Health System), Series 2021[A][B] [(Federally Taxable)] (the *"Bonds"*). The Bonds are being issued pursuant to an Indenture, dated as of December 1, 2021 (the *"Indenture"*), between the California Municipal Finance Authority (the *"Authority"*) and the Trustee. In connection with issuance of the Bonds, the Authority and the Health Institutions have entered into a Loan Agreement, dated as of December 1, 2021 (the *"Loan Agreement"*). The obligations of the Health Institutions under the Loan Agreement are further secured by Community Hospitals of Central California Obligation No. [12][13], issued by CHCC, acting on behalf of itself and the other hereinafter defined Members of the Obligated Group, created pursuant to that certain Master Indenture of Trust, dated as of May 1, 2007 (as supplemented, amended and restated from time to time pursuant to its terms, the *"Master Indenture"*), among CHCC, and certain of its affiliates, including FCH, and BNY, as master trustee.

In accordance with Section 6.11 of the Indenture and Section 5.05 of the Loan Agreement, CHCC, on behalf of the Members of the Obligated Group, FCH, the Trustee and the Dissemination Agent covenant and agree as follows:

SECTION 1. PURPOSE OF THIS DISCLOSURE AGREEMENT.

This Disclosure Agreement is being executed and delivered for the benefit of the Holders and Beneficial Owners of the Bonds and in order to assist the Participating Underwriter (as hereinafter defined) in complying with the Rule (as hereinafter defined). CHCC, on behalf of the Members of the Obligated Group, the Trustee and the Dissemination Agent acknowledge that the Authority has undertaken no responsibility with respect to any reports, notices or disclosures provided or required under this Disclosure Agreement, and has no liability to any person, including any Holder or Beneficial Owner of the Bonds, with respect to any such reports, notices or disclosures.

SECTION 2. DEFINITIONS.

In addition to the definitions set forth in the Indenture, which apply to any capitalized term used in this Disclosure Agreement unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"Annual Report" shall mean any Annual Report of the Members of the Obligated Group provided by the Health Institutions pursuant to, and as described in, Section 3 and Section 4 of this Disclosure Agreement.

"Authorized Representative of the Health Institutions" shall mean the chief executive officer, the chief operating officer or the chief financial officer of CHCC or such other person as either shall designate in writing to the Trustee and Dissemination Agent from time to time.

"Disclosure Representative" shall mean the Authorized Representative of the Health Institutions or his or her designee, or such other person as the Health Institutions shall designate in writing to the Trustee and the Dissemination Agent from time to time.

"Dissemination Agent" shall mean The Bank of New York Mellon Trust Company, N.A., acting in its capacity as Dissemination Agent hereunder, or any successor Dissemination Agent designated in writing by the Authorized Representative of the Health Institutions and which has filed with the Trustee a written acceptance of such designation.

"Financial Obligation" shall mean, for purposes of the Listed Events set out in Section 5(A) and 5(B) of this Disclosure Agreement, a (i) debt obligation, (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation, or (iii) guarantee of (i) or (ii). The term *"Financial Obligation"* shall not include municipal securities (as defined in the Securities Exchange Act of 1934, as amended) as to which a final official statement (as defined in the Rule) has been provided to the MSRB consistent with the Rule.

"Listed Events" shall mean any of the events listed in Section 5(A) or Section 5(B) of this Disclosure Agreement.

"Members of the of Obligated Group" shall mean CHCC and FCH and each other entity which becomes a Member of, and has not withdrawn from, the Obligated Group created pursuant to the provisions of the Master Indenture.

"Participating Underwriter" shall mean the original underwriter of the Bonds required to comply with the Rule in connection with offering of the Bonds or any successor in interest thereto.

"Quarterly Report" shall mean any Quarterly Report of the Members of the Obligated Group provided by the Health Institutions pursuant to, and meeting the requirements of, Section 3(E) of the Disclosure Agreement.

"Repository" shall mean the Municipal Securities Rulemaking Board or any other entity designated or authorized by the SEC to receive reports pursuant to the Rule.

"Rule" shall mean Rule 15c2-12(b)(5) adopted by the SEC under the Securities Exchange Act of 1934, as the same may be amended from time to time.

"SEC" shall mean the Securities and Exchange Commission or any successor agency thereto.

"State" shall mean the State of California.

SECTION 3. PROVISION OF ANNUAL REPORTS AND QUARTERLY REPORTS.

(A) The Health Institutions shall, or shall cause the Dissemination Agent to, not later than five (5) months after the end of the fiscal year of the Health Institutions, commencing with the Annual Report for the fiscal year of the Health Institutions ending August 31, 2022, provide to the Repository an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Agreement. Each Annual Report must be submitted in accordance with Section 6, may be submitted as a single document or as separate documents comprising a package and may include by reference other information as provided in Section 4 of this Disclosure Agreement; provided that the audited consolidated financial statements (and supplementary consolidating statements) referred to in Section 4(A) may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if such audited consolidated financial statements (and supplementary consolidating statements) are not available by that date. If the fiscal year of the Health Institutions changes, the Authorized Representative of the Health Institutions shall give notice of such change in the same manner as for a Listed Event under Section 5(H).

(B) Not later than fifteen (15) Business Days prior to the date specified in Section 3(A) for providing the Annual Report to the Repository, the Authorized Representative of the Health Institutions shall provide the Annual Report to the Dissemination Agent and the Trustee (if the Trustee is not the Dissemination Agent). If by fifteen (15) Business Days prior to such date, the Trustee has not received a copy of the Annual Report, the Trustee shall contact the Authorized Representative of the Health Institutions and the Dissemination Agent to determine if the Health Institutions are in compliance with Section 3(A).

(C) If the Dissemination Agent is unable to verify that an Annual Report has been provided to the Repository by the date required in Section 3(A), the Dissemination Agent shall send a notice, in electronic format, to the Repository, such notice to be in substantially the form attached as Exhibit A hereto and to be provided in accordance with the provisions set forth in Section 6.

(D) The Authorized Representative of the Health Institutions may provide the Annual Report directly to the Repository, in which case the Authorized Representative of the Health Institutions shall: (i) inform the Dissemination Agent in writing on or before the date specified in Section 3(B) above that the Authorized Representative of the Health Institutions intends to

provide the Annual Report to the Repository; and (ii) file a report with the Authority, the Dissemination Agent and (if the Dissemination Agent is not the Trustee) the Trustee certifying that the Annual Report has been provided pursuant to this Disclosure Agreement and stating the date it was provided. Unless the Dissemination Agent has received the written verification from the Authorized Representative of the Health Institutions described in the immediately preceding sentence, the Dissemination Agent shall file a report with the Authorized Representative of the Health Institutions, the Authority and (if the Dissemination Agent is not the Trustee) the Trustee certifying that the Annual Report has been provided pursuant to this Disclosure Agreement and stating the date it was provided.

(E) In addition to providing the Annual Report required to be filed pursuant to Section 3(A), the Health Institutions shall, or shall cause the Dissemination Agent to, provide year to date unaudited financial information on a quarterly basis, such unaudited financial information to consist of a consolidated balance sheet, a statement of operations and a statement of cash flows of the Health Institutions and other affiliates of CHCC, including all Members of the Obligated Group (such unaudited financial information being hereinafter referred to as a "Quarterly Report," each Quarterly Report to be provided to the Repository. Commencing with the Quarterly Report for the fiscal quarter of the Health Institutions ending February 28, 2022, not later than forty-five (45) days after the end of the first fiscal quarter, the second fiscal quarter and the third fiscal quarter and not later than ninety (90) days after the end of the fourth fiscal quarter of each fiscal year of the Health Institutions, the Health Institutions shall, or shall cause the Dissemination Agent to, provide a Quarterly Report to the Repository.

SECTION 4. CONTENT OF ANNUAL REPORTS.

The Annual Report of the Health Institutions shall contain or include by reference the following:

(A) The audited consolidated financial statements (and supplementary consolidating statements) of the Health Institutions and certain other affiliates of CHCC, including all Members of the Obligated Group, for the prior fiscal year, prepared in accordance with generally accepted accounting principles as promulgated from time to time. If the audited consolidated financial statements (and supplementary consolidating statements) are not available by the time the Annual Report is required to be filed pursuant to Section 3(A), the Annual Report shall contain unaudited consolidated financial statements (and supplementary consolidating statement's) in a format similar to the audited consolidated financial statements (and supplementary consolidating statements) contained in the final Official Statement, dated December 8, 2021, relating to the Bonds (the *"Official Statement"*), and the audited consolidated financial statements (and supplementary consolidating statements) shall be filed in the same manner as the Annual Report when such audited consolidated financial statements (and supplementary consolidating statements) become available.

(B) An update of the following information in substantially the form as set forth in Appendix A of the Official Statement, including, in the case of each table identified herein, all relevant footnotes:

(i) the data concerning the medical staff set forth in the first paragraph under the caption "MEDICAL STAFF — Medical Staff," such update to include data as of the most recently ended fiscal year of the Health Institutions; (ii) the table entitled "Sources of Net Patient Service Revenue by Percentage" set forth under the caption "SUMMARY OF FINANCIAL INFORMATION — Summary of Operating Results — Sources of Net Revenue," such update to include data as of the most recently ended fiscal year of the Health Institutions; (iii) the information relating to Income Available for Debt Service, Maximum Annual Debt Service Requirement and Maximum Annual Debt Service Coverage Ratio set forth under the caption "SUMMARY OF FINANCIAL INFORMATION — Historical and Proforma Maximum Annual Debt Service Coverage," such update to include data as of the most recently ended fiscal year of the Health Institutions; and (iv) the table entitled "Liquidity Position" set forth under the caption "SUMMARY OF FINANCIAL INFORMATION — Liquidity and Capital Expenditures," such update to include data as of the most recently ended fiscal year of the Health Institution.

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues with respect to which any Health Institution or other Member of the Obligated Group is an "obligated person" (as such term is defined in the Rule), which have been submitted to the Repository and made available on the Repository's website. The Authorized Representative of the Health Institutions shall clearly identify each such other document so included by reference.

SECTION 5. REPORTING OF SIGNIFICANT EVENTS.

(A) The Authorized Representative of the Health Institutions shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds in a timely manner not later than ten (10) Business Days after the occurrence of the event, such notice to be provided in accordance with the provisions set forth in Section 6:

1. principal and interest payment delinquencies;

2. unscheduled draws on debt service reserves reflecting financial difficulties;

3. unscheduled draws on credit enhancements reflecting financial difficulties;

4. substitution of credit or liquidity providers, or any failure by such credit or liquidity provider to perform;

5. adverse tax opinions or issuance by the Internal Revenue Service of a proposed or final determination of taxability or a Notice of Proposed Issue (IRS Form 5701 TEB);

6. tender offers;

7. defeasances;

8. rating changes;

9. bankruptcy, insolvency, receivership or similar event of any Member of the Obligated Group; or

10. default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of any Member of the Obligated Group, any of which reflect financial difficulties.

Note: for the purposes of the event identified in Section 5(A)(9) above, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for any Member of the Obligated Group in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of such Member of the Obligated Group, or if such jurisdiction has been assumed by leaving the existing governing body or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of such Member of the Obligated Group.

(B) The Authorized Representative of the Health Institutions shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds, if material, in a timely manner not later than ten (10) Business Days after the occurrence of the event, such notice to be provided in accordance with the provisions set forth in Section 6:

1. unless described in Section 5(A)(5), other material notices or determinations by the Internal Revenue Service with respect to the tax status of the Bonds or other material events affecting the tax status of the Bonds;

2. modifications to rights of Bondholders;

3. Bond calls;

4. release, substitution or sale of property securing repayment of the Bonds;

5. non-payment related defaults;

6. the consummation of a merger, consolidation or acquisition involving any Member of the Obligated Group or the sale of all or substantially all of the assets of any Member of the Obligated Group, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms;

7. appointment of a successor or additional trustee or the change of name of a trustee; or

8. the incurrence of a Financial Obligation of any Member of the Obligated Group, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of any Member of the Obligated Group, any of which affect Bondholders.

(C) If the Authorized Representative of the Health Institutions learns of the occurrence of a Listed Event described in Section 5(A), or determines that knowledge of a Listed Event described in Section 5(B) would be material under applicable federal securities laws, the Health Institutions shall within ten (10) Business Days of occurrence file a notice of such occurrence, or cause a notice of such occurrence to be filed, with the Repository. Notwithstanding the foregoing, notice of the Listed Event described in Section 5(A)(7) or Section 5(B)(3) need not be given under this Section 5(C) any earlier than the notice (if any) of the underlying event is given to Holders of affected Bonds pursuant to the Indenture.

(D) The Dissemination Agent shall, within one (1) Business Day, or as soon thereafter as practicable, of obtaining actual knowledge of the occurrence of any of the Listed Events, contact the Disclosure Representative, inform such person of the event, and request that the Authorized Representative of the Health Institutions promptly direct the Dissemination Agent in writing whether or not to report the such event pursuant to Section 5(H). For purposes of this Disclosure Agreement, "actual knowledge" of the occurrence of such Listed Events shall mean actual knowledge by the officer at the Corporate Trust Office with regular responsibility for the administration of matters related to the Indenture.

(E) Whenever the Authorized Representative of the Health Institutions obtains knowledge of the occurrence of a Listed Event described in Section 5(B), whether because of a notice from the Dissemination Agent pursuant to Section 5(D) or otherwise, the Authorized Representative of the Health Institutions shall as soon as possible determine if such event would be material under applicable federal securities laws. Neither the Dissemination Agent nor the Trustee shall have any duty to determine if any Listed Event is material.

(F) If the Authorized Representative of the Health Institutions has determined that knowledge of the occurrence of a Listed Event would be material under applicable federal securities laws, the Authorized Representative of the Health Institutions shall promptly notify the Dissemination Agent in writing. Such notice shall instruct the Dissemination Agent to report the occurrence pursuant to Section 5(H).

(G) If in response to a request under Section 5(D), the Authorized Representative of the Health Institutions determines either (i) that a Listed Event has not occurred or (ii) that a Listed Event in Section 5(B) has occurred but would not be material under applicable federal securities laws, the Authorized Representative of the Health Institutions shall so notify the Dissemination Agent in writing and instruct the Dissemination Agent not to report the occurrence.

(H) If the Dissemination Agent has been instructed by the Authorized Representative of the Health Institutions to report the occurrence of a Listed Event described in Section 5(B), the Dissemination Agent shall file a notice of such occurrence with the Repository, such notice to be provided in accordance with the provisions set forth in Section 6.

SECTION 6. FORMAT FOR FILINGS WITH THE REPOSITORY.

Any notice, report or filing with the Repository pursuant to this Disclosure Agreement must be submitted in electronic format, in word searchable pdf format, accompanied by such identifying information as is prescribed by the Repository. Until otherwise designated by the Repository or the SEC, filings with the Repository are to be made through the Electronic Municipal Market Access (EMMA) website of the Municipal Securities Rulemaking Board, currently located at http://emma.msrb/org.

SECTION 7. TERMINATION OF REPORTING OBLIGATION.

The obligations of the Health Institutions, the Trustee and the Dissemination Agent under this Disclosure Agreement shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If the obligations of CHCC or FCH under the Loan Agreement are assumed in full by some other entity, such person shall be responsible for compliance with this Disclosure Agreement in the same manner as if it were CHCC or FCH, as applicable, and the original CHCC or FCH, as applicable, shall have no further responsibility hereunder.

SECTION 8. DISSEMINATION AGENT.

The Authorized Representative of the Health Institutions may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Agreement, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent may resign by providing thirty (30) days written notice to the Authorized Representative of the Health Institutions and the Trustee. If at any time there is not any other designated Dissemination Agent, the Trustee shall be the Dissemination Agent. Neither the Dissemination Agent nor the Trustee shall have any duty or obligation to review any information provided to the Dissemination Agent or Trustee hereunder and shall not be deemed to be acting in any fiduciary capacity under this Disclosure Agreement for the Health Institutions or the Holders.

SECTION 9. AMENDMENT; WAIVER.

Notwithstanding any other provision of this Disclosure Agreement, the Health Institutions, the Trustee and the Dissemination Agent may amend this Disclosure Agreement (and the Trustee and the Dissemination Agent shall agree to any amendment so requested by the Authorized Representative of the Health Institutions, provided, neither the Trustee or the Dissemination Agent shall be obligated to enter into any such amendment that modifies or increases its duties or obligations hereunder), and any provision of this Disclosure Agreement may be waived, provided that the following conditions are satisfied:

(A) If the amendment or waiver relates to the provisions of Section 3(A), Section 4, Section 5(A) or Section 5(B) relating to Listed Events, such amendment or waiver may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Bonds, or the type of business conducted;

(B) This Disclosure Agreement, as amended or taking into account the waiver proposed, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original execution and delivery of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(C) The amendment or waiver either (i) is approved by the Holders of the Bonds in the same manner as provided in the Indenture with respect to amendments to the Indenture which require the consent of Holders, or (ii) does not, in the opinion of the Trustee or nationally recognized bond counsel, materially impair the interests of the Holders or Beneficial Owners of the Bonds.

In the event of any amendment or waiver of a provision of this Disclosure Agreement, the Authorized Representative of the Health Institutions shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the Health Institutions. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under Section 5(H), and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

SECTION 10. ADDITIONAL INFORMATION.

Nothing in this Disclosure Agreement shall be deemed to prevent the Health Institutions from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is

required by this Disclosure Agreement. If the Health Institutions choose to include any information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is specifically required by this Disclosure Agreement, the Health Institutions shall have no obligation under this Disclosure Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 11. DEFAULT.

In the event of a failure of any of the Health Institutions or the Trustee or the Dissemination Agent to comply with any provision of this Disclosure Agreement, the Trustee, at the written request of the Participating Underwriter or the Holders of at least 25% aggregate principal amount of Outstanding Bonds, shall (but only to the extent funds in an amount satisfactory to the Trustee have been provided to the Trustee or the Trustee has been otherwise indemnified to its satisfaction from any cost, liability, expense or additional charges of the Trustee whatsoever, including, without limitation, fees and expenses of its attorneys), or any Holder or Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Health Institutions or the Trustee, as the case may be, to comply with its obligations under this Disclosure Agreement. A default under this Disclosure Agreement shall not be deemed an Event of Default under the Indenture or a Loan Default Event, and the sole remedy under this Disclosure Agreement in the event of any failure of any of the Health Institutions or the Trustee or the Dissemination Agent to comply with this Disclosure Agreement shall be an action to compel performance.

SECTION 12. DUTIES, IMMUNITIES AND LIABILITIES OF TRUSTEE AND DISSEMINATION AGENT.

Article VIII of the Indenture, including, without limitation, Section 8.03 of the Indenture, is hereby made applicable to this Disclosure Agreement as if this Disclosure Agreement were (solely for this purpose) contained in the Indenture and the Dissemination Agent shall be entitled to the benefits afforded to the Trustee thereunder. The Dissemination Agent and the Trustee shall have only such duties as are specifically set forth in this Disclosure Agreement, and the Health Institutions agree to indemnify and save the Dissemination Agent and the Trustee, their officers, directors, employees and agents, harmless against any loss, expense and liabilities which the Trustee or the Dissemination Agent may incur arising out of or in the exercise or performance of their powers and duties hereunder, including the costs and expenses (including attorneys fees) of defending against any claim of liability, but excluding liabilities due to the Trustee's or the Dissemination Agent's negligence or willful misconduct. The Dissemination Agent shall be paid compensation by the Health Institutions for its services provided hereunder in accordance with its schedule of fees, as amended from time to time, and all expenses, legal fees and advances made or incurred by the Dissemination Agent in the performance of its duties hereunder. The obligations of the Health Institutions under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

SECTION 13. BENEFICIARIES.

This Disclosure Agreement shall inure solely to the benefit of the Authority, the Health Institutions, the other Members of the Obligated Group, the Trustee, the Dissemination Agent, the Participating Underwriter, the Holders and the Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity. No person shall have any right to commence any action against the Trustee or the Dissemination Agent seeking any remedy other than to compel specific performance of this Disclosure Agreement.

SECTION 14. NOTICES.

All notices or communications herein required or permitted to be given shall be in writing mailed, sent by telecopy or other direct written electronic means, receipt of which shall be confirmed, or delivered as follows:

(i) If to the Health Institutions:

Community Health System
789 Medical Center Drive East
Clovis, California 93611
Attention: Chief Financial Officer
Telephone: (559) 324-4780
Telecopy: (559) 324-3702

(ii) If to the Trustee or Dissemination Agent:

The Bank of New York Mellon Trust Company, N.A.
333 South Hope Street, Suite 2525
Los Angeles, California 90071
Attention: Corporate Trust
Telephone: (213) 630-6257
Telecopy: (213) 630-6215

(iii) If to the Authority:

California Municipal Finance Authority
c/o Sierra Management Group, Financial Advisor
2111 Palomar Airport Road, Suite 320
Carlsbad, California 92011
Attention: Financial Advisor
Telephone: (760) 930-1221
Telecopy: (760) 683-3390

The Health Institutions, the Trustee and the Authority may, by written notice hereunder, designate any further or different address to which subsequent notices, certificates or other communications shall be sent.

SECTION 15. COUNTERPARTS.

This Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

COMMUNITY HOSPITALS OF CENTRAL CALIFORNIA

By:_____
Chief Financial Officer

FRESNO COMMUNITY HOSPITAL AND MEDICAL CENTER

By:_____
Chief Financial Officer

THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., as Trustee and Dissemination Agent

By:_____
Authorized Representative

EXHIBIT A

NOTICE TO REPOSITORY OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer:	California Municipal Finance Authority (the *"Authority"*)
Name of Issue:	California Municipal Finance Authority Revenue Bonds (Community Health System), Series 2021[A][B] [(Federally Taxable)]
Names of Health Institutions:	Community Hospitals of Central California (*"CHCC"*) and Fresno Community Hospital and Medical Center (d/b/a Community Health System) (*"FCH"*)
Date of Issuance:	December 16, 2021

NOTICE IS HEREBY GIVEN that CHCC and FCH (collectively, the *"Health Institutions"*) have not provided an Annual Report with respect to the above-referenced Bonds as required by Section 3(A) of the Continuing Disclosure Agreement dated December 16, 2021 among the Health Institutions and The Bank of New York Mellon Trust Company, N.A., as dissemination agent. [The Health Institutions anticipate that the Annual Report will be filed by _____.]

Dated: _____

The Bank of New York Mellon Trust Company, N.A., as dissemination agent on behalf of Community Hospitals of Central California and Fresno Community Hospital and Medical Center (d/b/a Community Health System)

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APPENDIX F

BOOK-ENTRY SYSTEM

Information concerning The Depository Trust Company (*"DTC"*), New York, New York, and the Book-Entry System has been obtained from DTC and is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation by the Authority, the Underwriter, the Bond Trustee or the Members of the Obligated Group.

BONDS IN BOOK-ENTRY FORM

Beneficial ownership in the Bonds will be available to Beneficial Owners (as described below) only by or through DTC Participants via a book-entry system (the *"Book-Entry System"*) maintained by DTC. If the Bonds are taken out of the Book-Entry System and delivered to owners in physical form, as contemplated hereinafter under "Discontinuance of DTC Services," the following discussion will not apply.

DTC AND ITS PARTICIPANTS

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully registered bond certificate will be issued for each maturity of the Bonds in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934, as amended. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants (*"Direct Participants"*) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (*"DTCC"*). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (*"Indirect Participants"*). DTC has a Standard & Poor's rating of "AA+". The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of the Bonds under the DTC System must be made by or through Direct Participants which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of a Bond (*"Beneficial Owner"*) is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners

are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of the Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the bond documents. For example, Beneficial Owners of the Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Bond Trustee and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's procedures. Under its usual procedures, DTC mails an omnibus proxy (the *"Omnibus Proxy"*) to the Authority as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the Bonds will be made to Cede & Co. or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Authority or the Bond Trustee on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Bond Trustee, the Members of the Obligated Group or the Authority, subject to any statutory or regulatory requirements as may be in effect from time to time. Payments of principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Bond Trustee,

disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DISCONTINUANCE OF DTC SERVICES

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the Authority or the Bond Trustee. Under such circumstances, in the event that a successor depository is not obtained, bond certificates are required to be authenticated and delivered.

The Authority or the Bond Trustee may, as provided in the Indentures, decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, bond certificates will be authenticated and delivered for the Bonds.

DISCLAIMER

The Authority, the Underwriter, the Bond Trustee and the Members of the Obligated Group have no responsibility or obligation to any Direct Participants or Indirect Participants or the Persons for whom they act with respect to (1) the accuracy of any records maintained by DTC or any such Direct Participant or Indirect Participant; (2) the payment by any Participant of any amount due to any Beneficial Owner in respect of the principal or interest on the Bonds; (3) the delivery by any such Direct Participant or Indirect Participant of any notice to any Beneficial Owner that is required or permitted under the terms of the Indentures to be given to Bondholders; (4) the selection of the Beneficial Owners to receive payment in the event of any partial redemption of the Bonds; or (5) any consent given or other action taken by DTC as Bondholder. The information in this section concerning DTC and DTC's Book Entry System has been obtained from sources that are believed to be reliable, but the Authority, the Underwriter, the Bond Trustee and the Members of the Obligated Group take no responsibility for the accuracy thereof. No attempt has been made by the Authority, the Underwriter, the Bond Trustee or the Members of the Obligated Group to determine whether DTC is or will be financially or otherwise capable of fulfilling its obligations.

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APPENDIX G

SPECIMEN MUNICIPAL BOND INSURANCE POLICY

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MUNICIPAL BOND INSURANCE POLICY

ISSUER:

Policy No: -N

BONDS: $ in aggregate principal amount of

Effective Date:

Premium: $

ASSURED GUARANTY MUNICIPAL CORP. ("AGM"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") (as set forth in the documentation providing for the issuance of and securing the Bonds) for the Bonds, for the benefit of the Owners or, at the election of AGM, directly to each Owner, subject only to the terms of this Policy (which includes each endorsement hereto), that portion of the principal of and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

On the later of the day on which such principal and interest becomes Due for Payment or the Business Day next following the Business Day on which AGM shall have received Notice of Nonpayment, AGM will disburse to or for the benefit of each Owner of a Bond the face amount of principal of and interest on the Bond that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by AGM, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of the principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner's rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in AGM. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by AGM is incomplete, it shall be deemed not to have been received by AGM for purposes of the preceding sentence and AGM shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, who may submit an amended Notice of Nonpayment. Upon disbursement in respect of a Bond, AGM shall become the owner of the Bond, any appurtenant coupon to the Bond or right to receipt of payment of principal of or interest on the Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under the Bond, to the extent of any payment by AGM hereunder. Payment by AGM to the Trustee or Paying Agent for the benefit of the Owners shall, to the extent thereof, discharge the obligation of AGM under this Policy.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer's Fiscal Agent are authorized or required by law or executive order to remain closed. "Due for Payment" means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity unless AGM shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. "Nonpayment" means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. "Nonpayment" shall also include, in respect of a Bond, any payment of principal or interest that is Due for Payment made to an Owner by or on behalf of the Issuer which has been recovered from such Owner pursuant to the

United States Bankruptcy Code by a trustee in bankruptcy in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means telephonic or telecopied notice, subsequently confirmed in a signed writing, or written notice by registered or certified mail, from an Owner, the Trustee or the Paying Agent to AGM which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount and (d) the date such claimed amount became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that "Owner" shall not include the Issuer or any person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

AGM may appoint a fiscal agent (the "Insurer's Fiscal Agent") for purposes of this Policy by giving written notice to the Trustee and the Paying Agent specifying the name and notice address of the Insurer's Fiscal Agent. From and after the date of receipt of such notice by the Trustee and the Paying Agent, (a) copies of all notices required to be delivered to AGM pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to AGM and shall not be deemed received until received by both and (b) all payments required to be made by AGM under this Policy may be made directly by AGM or by the Insurer's Fiscal Agent on behalf of AGM. The Insurer's Fiscal Agent is the agent of AGM only and the Insurer's Fiscal Agent shall in no event be liable to any Owner for any act of the Insurer's Fiscal Agent or any failure of AGM to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, AGM agrees not to assert, and hereby waives, only for the benefit of each Owner, all rights (whether by counterclaim, setoff or otherwise) and defenses (including, without limitation, the defense of fraud), whether acquired by subrogation, assignment or otherwise, to the extent that such rights and defenses may be available to AGM to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy.

This Policy sets forth in full the undertaking of AGM, and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, (a) any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity and (b) this Policy may not be canceled or revoked. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW.

In witness whereof, ASSURED GUARANTY MUNICIPAL CORP. has caused this Policy to be executed on its behalf by its Authorized Officer.

ASSURED GUARANTY MUNICIPAL CORP.

By _____
Authorized Officer

A subsidiary of Assured Guaranty Municipal Holdings Inc.
1633 Broadway, New York, N.Y. 10019
(212) 974-0100

Form 500NY (5/90)

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