CALIFORNIA HEALTH FACILITIES FINANCING AUTHORITY ("CHFFA")
REVENUE BOND FINANCING PROGRAM
EXECUTIVE SUMMARY

Applicant:	Stanford Health Care ("SHC") 300 Pasteur Drive, MC 5554 Stanford, CA 94305 Santa Clara County	**Amount Requested:** **Requested Loan Term:** **Authority Meeting Date:** **Resolution Number:**	$575,000,000 Up to 40 years December 7, 2017 430
Project Sites:	See Exhibit 5		
Obligated Group:	SHC - sole obligated group member		
Facility Type:	General acute care hospital and outpatient care		
Eligibility:	Government Code 15431(d) (1)		
Prior Borrower:	Yes (date of last CHFFA issue, May 2015)		

Background: Established in 1958, SHC operates a licensed acute care hospital and a cancer center in Palo Alto, California, an outpatient center in Redwood City, and clinics located on the Stanford University campus and in neighboring communities. SHC is a principal teaching affiliate of the Stanford University School of Medicine and provides primary and specialty health services to adults, including cardiac care, cancer treatment, solid organ transplantation services, orthopedics and neuroscience services. In FY 2016, SHC treated approximately 71,500 patients in its emergency room, admitted more than 25,700 inpatients and recorded nearly 697,000 outpatient transactions.

Use of Proceeds: Bond proceeds will be used to refinance the acquisition, construction, renovation, expansion, and equipping certain portions of its acute care hospital facilities and related health care facilities, which may include facilities that were previously refinanced by the CHFFA 2010 Refunding Revenue Bonds Series A & B (the "2010AB Bonds") as well as the CHFFA 2008 Refunding Revenue Bonds Series A-1, A-2, & A-3 (the "2008A Bonds").

Type of Issue:	Negotiated public offering with fixed rate bonds (Minimum $5,000 denominations).
Expected Credit Ratings:	Aa3/AA-/AA; Moody's/Fitch
Financing Team:	*Please see Exhibit 1 to identify possible conflicts of interest*

Financial Overview: SHC's income statement exhibits consistent operating results with positive income each year during the review period from FY 2014 to FY 2016. SHC's balance sheet exhibits a solid financial position with a pro-forma debt service coverage ratio of 4.29x.

Estimated Sources of Funds:		**Estimated Uses of Funds:**	
Bond proceeds	$ 575,000,000	Refunding bonds	$ 570,000,000
		Financing costs	5,000,000
Total Estimated Sources	$ 575,000,000	**Total Estimated Uses**	$ 575,000,000

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

Staff Recommendation: Staff recommends the Authority approve Resolution Number 430 in an amount not to exceed $575,000,000 subject to the conditions in the resolution, including a bond rating of at least investment grade by a nationally recognized rating agency for publicly offered bonds. Macias Gini & O'Connell, LLP, the Authority's financial analyst, and KNN Public Finance, LLC, the Authority's financial advisor, concur with the Authority's staff recommendation.

I. PURPOSE OF FINANCING:

SHC seeks to issue bonds to refinance the acquisition, construction, renovation, expansion, and equipping certain portions of its acute care hospital facilities and related health care facilities, which may include facilities that were previously refinanced by the 2008A Bonds as well as the 2010 AB Bonds. SHC continually assesses potential present value savings from a full or partial refunding of its outstanding long-term debt. SHC has contemplated refunding the 2008A and 2010AB Bonds for more than a year, and SHC management decided to move forward and lock in the potential net present value savings of $57 million, as a result of the refunding.

Refunding Bonds ***$570,000,000***

CHFFA Series 2008 A-1, A-2, & A-3
Proceeds from the CHFFA 2008 Series A-1, A-2, and A-3 Bonds were used to refinance a portion of the CHFFA 2006 Series A-1, A-2, A-3, B-1, and B-2 bonds (the "2006AB Bonds"). The 2006AB Bonds were used (i) to renovate certain existing facilities, including Stanford Hospital and the Cancer Center located on the campus of Stanford University; (ii) the construction and renovation of a facility located in Redwood City; (iii) the acquisition and installation of equipment utilized at existing facilities and the Redwood City facility; and (iv) to upgrade SHC's clinical information system.

CHFFA Series 2010 A & B
Proceeds from the CHFFA 2010 Series A and B Bonds were used to refinance the CHFFA 1998 Series B (the "1998B Bonds") and the CHFFA 2003 Series B, C, and D Bonds (the "2003BCD Bonds"). The 1998B Bonds were used to refinance prior obligations, including the costs for the acquisition of assets previously acquired by Stanford Health Care, as well as to finance the costs of constructing an ambulatory care center and other capital projects located on the Stanford University campus. The 2003BCD Bonds were used (i) to construct an approximately 220,000 square foot outpatient facility; (ii) to renovate certain existing facilities, including seismic upgrades; and (iii) the acquisition and installation of equipment for both the outpatient facility and the existing facilities.

Financing Costs ***5,000,000***

- *Estimated cost of issuance*.......................... *$2,500,000*
- *Estimated Underwriters' discount*.............. *2,500,000*

Total Estimated Uses of Funds.. **$575,000,000**

II. PROPOSED COVENANTS, SECURITY PROVISIONS AND DISCLOSURES:

This executive summary and recommendations include minimum requirements. Additional or more stringent covenants or disclosures may be added following consultation with Authority staff. These covenants cannot be diluted or removed without subsequent review. If there has been modification to the proposed covenants following the preparation of this executive summary, staff will report it at the meeting.

After reviewing SHC's credit profile, including its current financial profile, SHC's prior bond transactions, and current market requirements, SHC, KNN Public Finance, LLC ("KNN"), the Authority's financial advisor, and the underwriters of the proposed bonds have concluded that the below listed covenants should be applicable to this transaction, are consistent with covenants that have applied to SHC's prior bond transactions, and that SHC's current financial situation does not suggest additional covenants should be required.

In June 2011, SHC entered into an amended and restated master indenture of trust (as supplemented from time to time pursuant to its terms, the "Master Indenture") with The Bank of New York Mellon Trust Company, N.A. (the "Master Trustee"). The Master Indenture amended and restated the original master indenture of trust, dated as of December 1, 1990 between SHC, then known as Stanford University Hospital, and First Interstate Bank, LTD., as master trustee, which created an obligated group (the "Obligated Group"). Currently, SHC is the sole member of the Obligated Group.

Pursuant to the provisions of the Master Indenture, SHC has issued obligations under the Master Indenture (each, an "Obligation") to secure the obligations of SHC under each of the loan agreements entered into with the Authority in connection with each issue of revenue bonds previously issued by the Authority for the benefit of SHC (the "Existing Bonds"). SHC will issue an Obligation under the Master Indenture to secure its obligations under each of the loan agreements to be entered into with the Authority in connection with the proposed bonds (each, a "Loan Agreement," and, hereinafter collectively referred to as the "Loan Agreements"). All capitalized terms used and not otherwise defined herein will have the meanings assigned to such terms in the Master Indenture.

The covenants listed below are applicable to this transaction.

Unconditional Promise to Pay; Pledge of Revenues. *SHC agrees to pay to The Bank of New York Mellon Trust Company, N.A., as trustee for the proposed bonds (the "Trustee"), all amounts required for payment of the principal, interest and purchase price, if applicable, with respect to the proposed bonds and agrees to pay the additional payments and expenses specified in each of the Loan Agreements. In addition, SHC will issue an Obligation under the Master Indenture to secure the obligation of SHC to make the payments under each of the Loan Agreements.*

All Revenues, as such term is defined in the bond indenture pursuant to which each series of proposed bonds will be issued (each, an "Indenture," and hereinafter collectively referred to as the "Indentures") will be pledged to secure the full payment of the proposed bonds being issued pursuant to the applicable Indenture. Revenues include payments by SHC under the applicable Loan Agreement and payments by the Obligated Group on the applicable Obligation and amounts held in the funds and accounts established under the applicable Indenture (excluding the Rebate Fund to be established for each series of proposed bonds and the Bond Purchase Fund to be established for each series of proposed bonds being issued as variable rate bonds).

Pledge of Gross Revenues. *Each Member of the Obligated Group has pledged to deposit all of its Gross Revenues into one or more deposit accounts designated as the Gross Revenue Fund. If there is a failure to make a Required Payment, the Master Trustee may exercise control over the Gross Revenue Fund for the benefit of the holders of each obligation issued under the Master Indenture, including the trustee for the Existing Bonds and the Trustee for the proposed bonds.*

Limitation on Liens; Permitted Encumbrances. *Each Member of the Obligated Group has agreed not to create, assume or suffer to exist any Lien upon its Property except for Permitted Liens. Each Member of the Obligated Group has further agreed that if a Lien other than a Permitted Lien is created by someone other than a Member of the Obligated Group and is assumed by a Member of the Obligated Group, such Member of the Obligated Group will cause a provision to be made effective whereby all Obligations will be secured prior to any obligations secured by the Lien assumed by a Member of the Obligated Group.*

Long-Term Debt Service Coverage Requirement. *The Master Indenture requires that the Obligated Group maintain a Debt Service Coverage Ratio of 1.10.*

Limitations on Additional Indebtedness and Restrictions on Guaranties. *Each Member of the Obligated Group has agreed not to incur Additional Indebtedness or enter into any Guaranty unless authorized by various provisions set out in the Master Indenture.*

Limitations on Disposition of Property. *Each Member of the Obligated Group has agreed not to sell, lease or otherwise dispose of Property in any Fiscal Year other than as authorized by various provisions set out in the Master Indenture.*

Limitations on Merger, Consolidation, Sale or Conveyance. *Each Member of the Obligated Group has agreed not to merge or consolidate with any entity which is not a Member of the Obligated Group or sell or convey all or substantially all of its assets to an entity not a Member of the Obligated Group other than as authorized by the various provisions set out in the Master Indenture.*

Limitations on Withdrawal from the Obligated Group and Entrance into the Obligated Group. *The Master Indenture sets forth certain requirements, including certain financial tests, which must be met for withdrawal from, or entry into, the Obligated Group.*

Compliance with Rule 15c2-12. *SHC will take such action as is necessary to assist the underwriters of the proposed bonds to comply with Securities and Exchange Commission Rule 15c2-12 ("Rule 15c2-12"). SHC will contractually agree to disclose designated financial and operating information to the designated website (Electronic Municipal Market Access) during the life of the proposed bonds and to report designated "material events" as specified in Rule 15c2-12.*

Staff has completed its due diligence, and KNN has reviewed the Loan Agreement, the Indenture, and prior SHC offering documents associated with this financing package and found these documents and proposed covenants to be acceptable.

III. FINANCIAL STATEMENTS AND ANALYSIS:

STANFORD HEALTH CARE
Consolidated Statements of Operations and Changes in Net Assets
($ in thousands)

	Year ended August 31,		
	2016	**2015**	**2014**
Unrestricted net assets:			
Operating revenues:			
Net patient service revenue less provision for doubtful accounts*	$3,893,005	$3,393,413	$2,839,389
Premium revenues	72,292	62,893	60,047
Other revenue	122,996	98,718	94,248
Net assets released from restrictions used for operations	9,372	15,663	4,639
Total operating revenues	4,097,665	3,570,687	2,998,323
Operating expenses:			
Salaries and benefits	1,850,124	1,428,100	1,232,251
Professional services	49,846	47,801	37,046
Supplies	531,130	484,036	421,899
Purchased services	1,058,182	912,886	741,565
Depreciation and amortization	136,442	109,735	100,625
Interest	39,661	40,485	43,636
Other	389,199	359,368	226,475
Expense recoveries from related parties	(104,965)	(93,640)	(83,422)
Total operating expenses	3,949,619	3,288,771	2,720,075
Income from operations	148,046	281,916	278,248
Interest and investment income	13,635	15,680	15,199
Increase in value of University managed pools	24181	54,309	176,014
Interest rate swaps mark to market adjustments	(115,958)	(59,392)	(37,532)
Loss on extinguishment of debt	-	(35)	(71)
Contribution income from Stanford Health Care - ValleyCare affiliation	-	96,758	-
Excess of revenues over expenses	69,904	389,236	431,858
Other changes in unrestricted net assets:			
Transfer to Stanford University, net	(88,944)	(66,477)	(54,337)
Transfer (to) from Lucile Salter Packard Children's Hospital	(3,300)	26,600	-
Change in net unrealized gains on investments	1,245	(2,445)	691
Net assets released from restrictions used for:			
Purchase of property and equipment	973	2,288	356
Change in pension and postretirement liability	(80)	(19,461)	6,650
Noncontrolling capital distribution, net	(1,000)	(62)	(1,482)
(Decrease) increase in unrestricted net assets	(21,202)	329,679	383,736

(Continued)

	Year ended August 31,		
	2016	**2015**	**2014**
Changes in temporarily restricted net assets:			
Transfer from Stanford University	2,645	4,062	2,480
Contributions and other	20,717	52,333	48,108
Contribution income from Stanford Health Care - ValleyCare affiliation	-	62	-
Investment income	744	1,667	(103)
Gains on University managed pools	1,683	2,537	2,875
Net assets released from restrictions used for:			
Operations	(9,372)	(15,663)	(4,639)
Purchase of property and equipment	(973)	(2,288)	(356)
Increase in temporarily restricted net assets	15,444	42,710	48,365
Changes in permanently restricted net assets:			
Contributions	200	2	101
Increase in permanently restricted net assets	200	2	101
(Decrease) increase in net assets	(5,558)	372,391	432,202
Net assets, beginning of year	3,059,708	2,687,317	2,255,115
Net assets, end of year	$3,054,150	$3,059,708	$2,687,317

Percent Payer Source for fiscal year end August 31,

*Net Patient Service Revenue	2016	2015
Medicare	34	34
Medi-Cal	4	4
Managed Care - Discounted Fee for Services	55	55
Indemnity Insurance, Self-Pay, Other	7	7
Total	**100**	**100**

STANFORD HEALTH CARE
Consolidated Balance Sheets
($ in thousands)

	Year ended August 31,		
	2016	**2015**	**2014**
Assets			
Current assets:			
Cash and cash equivalents	$ 690,460	$ 475,677	$ 467,655
Short-term investments	103,627	101,677	100,970
Patient accounts receivable	559,933	550,721	431,897
Other receivables	92,961	75,427	28,416
Inventories	50,016	42,935	25,374
Prepaid expenses and other	36,273	35,486	28,283
Total current assets	1,533,270	1,281,923	1,082,595
Investments	132,273	127,860	120,866
Investments in University managed pools	1,316,489	1,440,352	1,383,385
Assets limited as to use	235,788	580,701	491,594
Property and equipment, net	2,401,880	1,923,465	1,405,862
Other assets	137,637	163,578	263,766
Total assets	$ 5,757,337	$ 5,517,879	$4,748,068
Liabilities and net assets			
Current liabilities:			
Accounts payable and accrued liabilities	$ 335,995	$ 282,134	$ 173,160
Accrued salaries and related benefits	236,819	202,859	161,494
Due to related parties	61,308	43,324	62,106
Third-party payor settlements	22,948	9,018	22,334
Current portion of long-term obligations	13,756	13,932	11,700
Debt subject to short-term remarketing arrangements	228,200	228,200	228,200
Self-insurance reserves and other	43,232	34,918	27,296
Total current liabilities	942,258	814,385	686,290
Self-insurance reserves and other, net of current portion	118,994	120,364	105270
Other long-term liabilities	355,683	234,855	170,565
Pension liability	65,463	51,220	30,827
Long-term debt, net of current portion	1,220,789	1,237,347	1,067,799
Total liabilities	2,703,187	2,458,171	2,060,751

(Continued)

	Year ended August 31,		
	2016	2015	2014
Net assets:			
Unrestricted:			
Stanford Health Care	2,449,037	2,467,393	2,137,389
Noncontrolling interests	20,133	22,979	23,304
Total unrestricted	2,469,170	2,490,372	2,160,693
Temporarily restricted	577,086	561,642	518,932
Permanently restricted	7,894	7,694	7,692
Total net assets	3,054,150	3,059,708	2,687,317
Total liabilities and net assets	$ 5,757,337	$ 5,517,879	$4,748,068

Financial Ratios:

	Proforma [a] FYE August 31, 2016	2016	2015	2014
Debt Service Coverage (x) -- Operating	4.29	4.08	5.96	5.80
Debt Service Coverage (x) -- Net	4.47	4.25	6.18	6.00
Debt/Unrestricted Net Assets (x)	0.50	0.50	0.51	0.51
Margin (%)		3.61	7.90	9.28
Current Ratio (x)		1.63	1.57	1.58

[a] Recalculates FY 2016 audited results to include the impact of this proposed financing.

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Financial Discussion – Statement of Activities (Income Statement)

SHC's income statement exhibits consistent operating results with positive income each year during the review period from FY 2014 to FY 2016.

SHC experienced a 37.1% increase in net patient service revenue from approximately $2.8 billion in FY 2014 to approximately $3.9 billion in FY 2016. Income from operations decreased to approximately $148 million in FY 2016 from approximately $282 million in FY 2015. SHC's largest expenses of salaries and benefits and purchased services both increased at a faster rate (29.6% and 15.9%, respectively) than net patient service revenue (14.7%) over the same period. Salaries and benefits increased from approximately $1.4 billion in FY 2015 to approximately $1.9 billion in FY 2016, while purchased services increased from approximately $913 million in FY 2015 to approximately $1.1 billion in FY 2016. According to SHC's management, the increase in salaries and benefits was primarily due to additional hiring to support growth in patient volumes and for future expansion, the acquisition of the Stanford Blood Center from Stanford University, and annual salary increases designed to maintain SHC's position in the competitive market for healthcare professionals. The increase in net patient revenue was mainly due to strong volume growth in areas such as operating rooms, emergency department, pharmacy, imaging, clinical labs, and other ambulatory care services.

SHC also experienced positive net income each year, although it decreased from approximately $432 million in FY 2014 to approximately $70 million in FY 2016. According to SHC's management, the majority of the decrease was due to non-operating investment activities such as Investments in Stanford University Managed Pools and Interest Rate Swaps Mark to Market Adjustments ("Swaps"). The loss on Swaps increased from approximately negative $38 million in FY 2014 to approximately negative $116 million in FY 2016. According to SHC's management, the Swaps hedge SHC's variable rate debt in an increasing interest rate environment; however, interest rates dropped between FY 2014 and FY 2016 and the liability from the Swaps increased. SHC's management notes that interest rates have reversed in FY 2017 and anticipate the Swaps liability will decrease.

Financial Discussion – Statement of Financial Position (Balance Sheet)

SHC's balance sheet exhibits a solid financial position with a pro-forma debt service coverage ratio from operations of 4.29x.

SHC's balance sheet appears to exhibit good liquidity with increasing cash and cash equivalents, and solid long-term assets with growth in property and equipment. SHC's cash and cash equivalents increased from approximately $468 million in FY 2014 to approximately $690 million in FY 2016, an increase of 47.6%. SHC's property and equipment demonstrated significant gains from approximately $1.4 billion in FY 2014 to approximately $2.4 billion in FY 2016, an increase of nearly 71%.

SHC has exhibited a consistently strong ability to repay its outstanding debt with an operating debt service coverage ratio of 5.80x in FY 2014, 5.96x in FY 2015, and 4.08x in FY 2016. With the refunding bonds, SHC would continue to display a strong ability to repay its debts with a FY 2016 pro-forma debt service coverage ratio of 4.29x from operations and 4.47x from net income. SHC's debt load in relation to unrestricted net assets has been constant throughout the review period with a debt-to-unrestricted net assets ratio of 0.51x in FY's 2014 and 2015, and 0.50x in FY 2016. As expected with refunding bonds, SHC's FY 2016 pro-forma debt-to-unrestricted net assets ratio will remain at 0.50x

Particular Facts to Note:

- SHC experienced significant growth in property and equipment, increasing from approximately $1.4 billion in FY 2014 to approximately $2.4 billion in FY 2016. According to SHC's management, SHC has consistently invested in facilities and systems required to remain at the forefront of medicine and to be the provider of choice for complex and network care in the communities it serves. The majority of the spending was for the New Stanford Hospital. Other spending was for Stanford Cancer Center South Bay, Central Steam Plant, Stanford Neuroscience Health Center, and SHC – Emeryville.

IV. DUE DILIGENCE:

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

- **Section 15438.5(a) of the Act (Savings Pass Through)**: SHC properly completed and submitted the "Pass-Through Savings Certification," in addition to a narrative explaining how it intends to pass through savings.

  In FY 2016, SHC invested over $362 million in services and activities to improve the health of the communities it serves throughout California, as well as from across the country and internationally. Nearly 65 percent of SHC's patients live in San Mateo and Santa Clara counties. For more information regarding to Stanford Health Care community benefit, please copy and paste the address below to the web browser to open.

  https://stanfordhealthcare.org/content/dam/SHC/about-us/public-services-and-community-partnerships/docs/fy16-oshpd-report-and-fy17-cb-plan.pdf.

- **Section 15491.1 of the Act (Community Service Requirement)**: SHC will complete and submit this certification and indicate whether Medi-Cal and Medicare patients are accepted at the closing of the bond deal.

- **Compliance with Seismic Regulation**s: SHC properly completed and submitted a description of its seismic requirements.

- **Compliance with Section 15455(b) of the Act (California Environmental Quality Act)**: SHC properly submitted documentation to the Authority, where applicable, demonstrating that each proposed project has either complied with Division 13 (commencing with Section 21000) of the Public Resources Code, or is otherwise not a "project" under that division.

- **Religious Due Diligenc**e. SHC properly completed and submitted related documentation to meet the religious due diligence requirement.

- **Legal Review**. SHC properly completed and submitted related documentation addressing the Authority's Legal Status Questionnaire.

- **Iran Contracting Act Certificate**: SHC properly submitted related documentation to the Authority.

EXHIBIT 1

FINANCING TEAM

STANFORD HEALTH CARE

Borrower:	Stanford Health Care
Issuer's Agent for Sale:	California State Treasurer
Issuer's Counsel:	Office of the Attorney General
Issuer's Financial Advisor:	KNN Public Finance, LLC
Issuer's Financial Analyst:	Macias Gini & O'Connell, LLP
Bond Counsel:	Orrick, Herrington & Sutcliffe LLP
Borrower's Counsel:	Ropes & Gray LLP
Underwriters:	Morgan Stanley & Co. LLC Goldman Sachs & Co. LLC Barclays Capital, Inc.
Underwriter's Counsel:	Norton Rose Fulbright US LLP
Trustee:	The Bank of New York Mellon Trust Company, N.A.
Auditor:	PricewaterhouseCoopers LLP
Rating Agencies:	Fitch Ratings, Inc. Moody's Investor Services, Inc.

EXHIBIT 2

OUTSTANDING DEBT

As of August 31, 2016, SHC's outstanding long-term debt totaled approximately $1.2 billion, of which the Authority is the sole issuer of all the tax-exempt bonds.

Following this proposed refunding of up to $575 million, SHC's total outstanding debt will remain approximately $1.2 billion, and the Authority will continue to be the sole issuer of all the tax-exempt bonds.

EXHIBIT 3

UTILIZATION STATISTICS

The table below presents selected statistical indicators of patient activity for SHC for each of the three fiscal years ended August 31, 2016, 2015, and 2014.

	As of August 31,		
	2016	**2015**	**2014**
Discharges			
Acute	25,075	25,438	24,413
Behavioral Health	688	608	679
Total	25,763	26,046	25,092
Patient Days			
Acute	144,428	140,125	135,244
Behavioral Health	10,110	10,201	9,684
Subtotal	154,538	150,326	144,928
Short Stay Outpatient	19,192	13,551	10,741
Total	173,730	163,877	155,669
Average Daily Census			
Acute	394.6	382.9	370.5
Behavioral Health	27.6	27.9	26.5
Total	422.2	410.8	397.0
Average Length of Stay			
Acute	5.8	5.5	5.5
Behavioral Health	14.7	16.8	14.3
Average	6.0	5.8	5.8
Case Mix Index	2.38	2.25	2.20
Emergency Room Visits (1)	71,500	68,643	62,344
Short Stay Outpatient Procedures	38,703	36,226	32,441
Other Outpatient Visits	696,953	563,609	529,498
Surgeries			
Inpatient	13,580	13,874	13,028
Outpatient	20,466	19,082	17,723
Total	34,046	32,956	30,751

(1) Includes patients admitted as inpatients.

EXHIBIT 4

BACKGROUND AND LICENSURE

Background

Stanford Health Care ("SHC"), formerly known as Stanford Hospital and Clinics, is a principal teaching affiliate of the Stanford University School of Medicine ("School of Medicine") and provides primary and specialty health services to adults, including cardiac care, cancer treatment, solid organ transplantation services, orthopedics and neurosciences services. SHC, together with Lucile Salter Packard Children's Hospital at Stanford, operates the clinical settings through which the School of Medicine educates medical and graduate students, trains residents, and clinical fellows, supports faculty and community clinicians and conducts medical and biological sciences research.

The principal clinical facilities of SHC are the Stanford Hospital, a 613-licensed bed tertiary, quaternary and specialty hospital (the "Hospital"), and the primary, specialty and sub-specialty clinics (the "Clinics" and, together with Hospital, the "Hospital and Clinics") in which medical faculty of the School of Medicine provide clinical services. The Hospital and the majority of the Clinics are located on the campus of Stanford University adjacent to the School of Medicine in Palo Alto, California. Other Clinics are located elsewhere on the campus, and in 60 plus neighboring communities across the bay area.

SHC is currently constructing a new 824,000-square-foot facility (the new "Stanford Hospital"), which is expected to be complete by February 2019. Through the new Stanford Hospital, SHC is adding more beds, private rooms, state-of-the-art operating suites, expanded emergency services and the flexibility the hospital will need to adapt to advancing technologies and more streamlined services. The new Stanford Hospital will deliver a model of coordinated care that's built around the unique physical and emotional needs of each patient. The new Stanford Hospital will feature amenities and services focused on the health and well-being of patients, as well as the most advanced diagnostic, therapeutic and surgical technologies. The new Emergency Department will have twice the floor space of the current facility.

In the fiscal year ending August 31, 2016, SHC treated more than 71,500 patients in its emergency room, admitted more than 25,700 inpatients and recorded nearly 697,000 outpatient transactions

Licensure and Memberships

SHC is licensed by the California Department of Public Health as a general acute care facility and is certified to participate in the Medicare and Medi-Cal programs. SHC is fully accredited by The Joint Commission.

EXHIBIT 5

PROJECT SITES

- 300 Pasteur Drive, Palo Alto, CA
- 875 and 900 Blake Wilbur Drive, Palo Alto, CA
- 211 and 401 Quarry Road, Palo Alto, CA
- 700, 750, 770, 777, 780, 800, 801, 900, 1000, and 1101 Welch Road, Palo Alto, CA
- 420, 430, 440, and 450 Broadway Avenue, Redwood City, CA

RESOLUTION NO. 430

**RESOLUTION OF THE
CALIFORNIA HEALTH FACILITIES FINANCING AUTHORITY
AUTHORIZING THE ISSUANCE OF REVENUE BONDS
TO REFINANCE PROJECTS
AT THE HEALTH FACILITIES OF
STANFORD HEALTH CARE**

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

WHEREAS, Stanford Health Care is a nonprofit public benefit corporation duly organized and existing under the laws of the State of California (the "Borrower") which owns and operates health care facilities in the State of California;

WHEREAS, the Authority has previously issued (i) the California Health Facilities Financing Authority Refunding Revenue Bonds (Stanford Hospitals and Clinics), 2008 Series A-1 (the "2008 Series A-1 Bonds") in the aggregate principal amount of $70,500,000, of which $66,985,000 is currently outstanding, (ii) the California Health Facilities Financing Authority Refunding Revenue Bonds (Stanford Hospitals and Clinics), 2008 Series A-2 (the "2008 Series A-2 Bonds") in the aggregate principal amount of $104,100,000, of which $99,100,000 is currently outstanding, (iii) the California Health Facilities Financing Authority Refunding Revenue Bonds (Stanford Hospitals and Clinics), 2008 Series A-3 (the "2008 Series A-3 Bonds," and, together with the 2008 Series A-1 Bonds and 2008 Series A-2 Bonds, hereinafter collectively referred to as the "2008 Series Bonds") in the aggregate principal amount of $85,700,000, of which $80,090,000 is currently outstanding, (iv) the California Health Facilities Financing Authority Refunding Revenue Bonds (Stanford Hospital and Clinics), 2010 Series A (the "2010 Series A Bonds") in the aggregate principal amount of $149,345,000, of which $113,475,000 is currently outstanding, and (v) the California Health Facilities Financing Authority Refunding Revenue Bonds (Stanford Hospital and Clinics), 2010 Series B (the "2010 Series B Bonds, and, together with the 2010 Series A Bonds, hereinafter collectively referred to as the "2010 Series Bonds") in the aggregate principal amount of $146,710,000, all of which is currently outstanding;

WHEREAS, the 2008 Series Bonds refinanced a portion of the California Health Facilities Financing Authority Revenue Bonds (Stanford Hospital and Clinics), 2006 Series A-1, 2006 Series A-2, 2006 Series A-3, 2006 Series B-1 and 2006 Series B-2 and the 2010 Series Bonds refinanced the California Health Facilities Financing Authority Revenue Bonds (UCSF-Stanford Health Care), 1998 Series B, the proceeds of which were applied to acquire SHC Facilities financed by the California Health Facilities Financing Authority Stanford University Hospital Revenue Bonds, 1990 Series A, the ABAG Finance Authority For Nonprofit Corporations Certificates of Participation (Stanford University Hospital) Series 1993 and the ABAG Finance Authority For Nonprofit Corporations Certificates of Participation (Stanford Health Services) Series 1995, and the California Health Facilities Financing Authority Revenue Bonds (Stanford Hospital and Clinics), 2003 Series B, 2003 Series C and 2003 Series D;

WHEREAS, the 2008 Series Bonds and the 2010 Series Bonds (hereinafter collectively referred to as the "Prior Bonds") refinanced indebtedness incurred in connection with the acquisition, construction, renovation, expansion and equipping of certain portions of the acute care hospital facilities and related health care facilities owned and operated by the Borrower (hereinafter collectively referred to as the "Project") as more particularly described in Exhibit A hereto;

WHEREAS, the Borrower has requested that the Authority issue one or more series of its revenue bonds in an aggregate principal amount not to exceed $575,000,000 and make one or more loans of the proceeds thereof to the Borrower (i) to refund all or any portion of the outstanding Prior Bonds and (ii) at the sole option of the Borrower, to pay costs of issuance of such revenue bonds;

WHEREAS, to the extent required by subdivision (b) of Section 15455 of the California Government Code, the Borrower has provided documentation to the Authority demonstrating that the Project has complied with Division 13 (commencing with Section 21000) of the California Public Resources Code, or is not a "project" under such division; and

WHEREAS, approval of the terms of issuance and sale of such revenue bonds and various related matters is now sought;

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

Section 1. Pursuant to the Act, revenue bonds of the Authority designated as the "California Health Facilities Financing Authority Refunding Revenue Bonds (Stanford Health Care)" (the " Bonds") in a total aggregate principal amount not to exceed $575,000,000 are hereby authorized to be issued from time to time, in one or more series, with such other name or names of the Bonds or series thereof as designated in the indenture pursuant to which the Bonds will be issued. The proceeds of the Bonds shall be used for any or all of the purposes set forth in the sixth recital above.

Section 2. The Treasurer of the State of California (the "Treasurer") is hereby authorized to enter into agreements to sell the Bonds in one or more series, on one or more sale dates, at any time prior to the first anniversary of the date of the adoption of this Resolution, at public or private sale, in such aggregate amounts (not to exceed the aggregate principal amount set forth in Section 1 hereof) and in such series, at such price or prices (so long as the discount on the Bonds sold shall not exceed six percent (6%) of the par value thereof) and at such interest rate or rates and upon such other terms and conditions as the Treasurer, with the advice and consent of the Borrower, may determine.

The Bonds shall, at issuance, be rated investment grade by a nationally recognized rating agency. The Bonds or any series thereof may, at the sole option of the Borrower, be secured by deeds of trust, a reserve fund, bond insurance, one or more credit facilities or other security arrangements and/or supported by one or more liquidity facilities.

Section 3. The proposed forms of the following documents:

(i) a loan agreement relating to the Bonds (the "Loan Agreement"), between the Authority and the Borrower;

(ii) an indenture relating to the Bonds (the "Indenture"), between the Authority and The Bank of New York Mellon Trust Company, N.A., as trustee (the "Trustee");

(iii) a bond purchase contract, including the exhibits thereto, relating to the Bonds (the "Purchase Contract"), among Morgan Stanley & Co., LLC ("Morgan Stanley"), as representative (the "Representative"), acting on behalf of itself, Goldman Sachs & Co. LLC ("Goldman") and Barclays Capital Inc. ("Barclays," and, together with Morgan Stanley and Goldman, hereinafter collectively referred to as the "Underwriters"), the Treasurer and the Authority, and approved by the Borrower; and

(iv) a preliminary official statement relating to the Bonds (the "Preliminary Official Statement")

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

Section 4. The Authority hereby specifically finds and declares that the findings of the Authority set forth in the Loan Agreement are true and correct.

Section 5. The dated dates, maturity dates (not exceeding 40 years from the date of issue), interest rates, interest payment dates, denominations, forms, registration privileges or requirements, place or places of payment, terms of tender or purchase, terms of redemption, provisions governing transfer, and other terms of the Bonds, including provisions for a credit facility and/or a liquidity facility, as applicable, from time to time, shall be as provided in the Indenture, as finally executed.

Section 6. The Underwriters are hereby authorized to distribute a Preliminary Official Statement for the Bonds to persons who may be interested in the purchase of such Bonds offered in such issuance, it being understood that, at the discretion of the Representative (in consultation with the Borrower), a preliminary official statement may not be required to be used with respect to any series of Bonds. The Underwriters are hereby directed to deliver a final Official Statement (the "Official Statement") to all actual purchasers of the Bonds.

Section 7. The Bonds, when executed, shall be delivered to the Trustee for authentication by the Trustee. The Trustee is hereby requested and directed to authenticate the Bonds by executing the Trustee's Certificate of Authentication appearing thereon, and to deliver the Bonds, when duly executed and authenticated, to or upon the direction of the Representative in accordance with written instructions executed on behalf of the Authority, which instructions are hereby approved. Said instructions shall provide for the delivery of the Bonds to or upon the direction of the Representative, as determined and confirmed by the Treasurer, upon payment of the purchase price thereof

Section 8. Each officer of the Authority is hereby authorized and directed, for and in the name of and on behalf of the Authority, to do any and all things which they may deem necessary or advisable in order to consummate the issuance, sale and delivery of the Bonds and otherwise to effectuate the purposes of this Resolution and the Indenture, the Loan Agreement, the Purchase Contract, and the Official Statement. The Authority hereby approves any and all documents to be delivered in furtherance of the foregoing purposes, including without limitation: (a) a tax certificate and agreement and other certificates; (b) any agreement with respect to the provision of bond insurance, a letter of credit, a surety bond, a credit facility and/or a liquidity facility for any series of the Bonds; and any escrow agreement or escrow instructions required in connection with the refunding of the Prior Bonds.

Section 9. The provisions of the Authority's Resolution No. 2017-01 apply to the documents and actions approved in this Resolution.

Section 10. The Authority hereby approves and ratifies each and every action taken by its officers, agents and employees prior to the date hereof in furtherance of the purposes of this Resolution.

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

Date of Adoption: ________________________________

Exhibit A

Description of the Project

The Project to be refinanced is comprised of the acquisition, construction, renovation, expansion and equipping of certain portions of the acute care hospital facilities and related health care facilities (collectively, the "SHC Facilities") owned and operated by Stanford Health Care, including the main acute care hospital facility and the outpatient center. SHC Facilities being refinanced are located: (i) on the Stanford Health Care campus in Palo Alto and Stanford, California, at and in the vicinity of the area bounded by Welch Road, Quarry Road and Campus Drive, including, 300 Pasteur Drive, 875 Blake Wilbur Drive, 900 Blake Wilbur Drive, 211 Quarry Road, 401 Quarry Road, 700 Welch Road, 750 Welch Road, 770 Welch Road, 777 Welch Road, 780 Welch Road, 800 Welch Road, 801 Welch Road, 900 Welch Road, 1000 Welch Road, and 1101 Welch Road; and (ii) in Redwood City, California at 420 Broadway Avenue, 430 Broadway Avenue, 440 Broadway Avenue, and 450 Broadway Avenue.