

**CALIFORNIA HEALTH FACILITIES FINANCING AUTHORITY
BOND FINANCING PROGRAM
EXECUTIVE SUMMARY**

Applicant/ Stanford Health Care (SHC)	Amount Requested: \$460,000,000
Borrower: 300 Pasteur Drive, MC 5554 Stanford, CA 94305 Santa Clara County	Requested Loan Term: Up to 40 years Authority Meeting Date: May 29, 2025 Resolution Number: 464
Project Sites: See Exhibit 1	
Facility Type: General acute care hospital and outpatient care	
Eligibility: Government Code Section 15432(d)(1)	
Prior Borrower: Yes (date of last CHFFA issue – September 2023)	
Obligated Group: SHC is the sole member of the Obligated Group	
Background: SHC is the principal teaching affiliate of the Stanford University School of Medicine that provides primary and specialty health services to adults, including cardiovascular health, cancer treatment, solid organ transplantation services, orthopedics, gastrointestinal, 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.	
Use of Bond Proceeds: Bond proceeds will be used for the construction and equipping of a medical office building in Redwood City, the rebuilding of SHC’s original hospital facility in Palo Alto, to refinance \$50 million of short-term tax-exempt commercial paper into long-term bond debt, and to refinance the 2021 Series A bonds.	
Type of Issue: Negotiated public offering of fixed rate and put ¹ bonds Expected Credit Rating: Aa3/AA-/AA; Moody’s/S&P/Fitch Financing Team: <i>Please see Exhibit 2 to identify possible conflicts of interest</i>	
¹ A put bond is a debt instrument with an option giving bondholders the right to demand early repayment of the bonds. The put option acts as an incentive for the investors to buy a bond that has a lower return.	
Financial Overview: SHC’s income statement exhibits positive operating results with revenues growing in each year of the review period. SHC’s balance sheet demonstrates a strong ability to repay debt with a pro forma FY 2024 net debt service coverage ratio of 11.3x.	
Estimated Sources of Funds:	Estimated Uses of Funds:
Bond Proceeds \$ 460,000,000	Project Fund \$ 250,000,000
Borrower Funds 4,681,575	Refunding 210,080,725
	Financing Costs 4,600,850
Total Estimated Sources \$ 464,681,575	Total Estimated Uses \$ 464,681,575
Due Diligence: Staff has confirmed the documentation provided by SHC satisfies the California Health Facilities Financing Authority’s (Authority or CHFFA) requirements: Eligibility, Legal Review, the California Environmental Quality Act, and the certifications for Pass-Through Savings, Iran Contracting Act, and Community Service Obligation.	
Staff Recommendation: Staff recommends the Authority approve Resolution No. 464 in an amount not to exceed \$460,000,000 for Stanford Health Care, subject to the conditions in the resolution. TAP International, Inc., the Authority’s financial analyst, and KNN Public Finance LLC, the Authority’s municipal advisor, concur with the Authority’s staff recommendation.	

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

STAFF SUMMARY, ANALYSIS, AND RECOMMENDATION

I. PURPOSE OF FINANCING

SHC is requesting the Authority to issue tax-exempt bonds in a principal amount not to exceed \$460,000,000. Bond proceeds will be used for the construction and equipping of a medical office building in Redwood City (Pavilion E, Redwood City), the rebuilding of SHC's original hospital facility (300P Renewal Project), and the refinancing into long-term bond debt of approximately \$50 million in short-term tax-exempt commercial paper. The Pavilion E, Redwood City project is a growth opportunity that will allow SHC to expand healthcare access outside of its main campus while complementing existing clinical services. The 300P Renewal Project will allow SHC to modernize its original hospital facility that was constructed in 1959, including meeting seismic safety requirements. Bond proceeds will also be used to refund the CHFFA Series 2021 A bonds, which have a mandatory put date of August 15, 2025.

Project Fund \$250,000,000

Pavilion E, Redwood City

Bond proceeds will be used to construct a new state-of-the-art, approximately 265,000 square-foot medical office building that will be developed adjacent to SHC's outpatient facility in Redwood City that has served patients in the Redwood City community for more than 15 years. The new facility is expected to house relocated programs, such as Cardiovascular Health, Gynecology, Medical Specialties, Pelvic Health, Physical Therapy, Plastic Surgery, and Urology. The facility will also introduce the capacity for new services, such as LGBTQ+ care, Radiology, Same-Day Access, and Women's Primary Care. Construction on the project began in December 2024, and SHC intends to offer specialized patient services beginning in the 4th quarter of 2027.

300P Renewal Project

The 300P Renewal Project modernizes SHC's inpatient hospital facility, including construction of replacement beds in extension towers, infrastructure upgrades, and fulfills the state seismic safety mandate to relocate inpatients to compliant structures. The renovation will enhance the functionality of the hospital with state-of-the-art amenities. At the completion of the 300P Renewal Project, maximum inpatient capacity is expected to be 232 beds. Bond proceeds will also be used to pay off \$50 million in outstanding tax-exempt commercial paper. The balance will be used to finance and reimburse expenditures related to the design and construction of the 300P renewal Program, which began in 2020.

Refunding 210,080,725

CHFFA Series 2021 A

The Series 2021A bonds were originally issued in the amount of \$157,715,000, of which \$157,715,000 is currently outstanding. Proceeds from the 2021 A bonds were used for the 300P Renewal Project.

Tax-Exempt Commercial Paper

In November 2024, SHC issued \$50 million through the Authority’s Tax-Exempt Commercial Paper Program. Proceeds from the commercial paper notes were used to fund capital expenditures associated with the 300P Renewal Project.

Financing Costs 4,600,850

Cost of issuance \$2,300,425

Underwriter’s Discount 2,300,425

TOTAL USES OF FUNDS \$464,681,575

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 municipal 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.

SHC is a party to a Second Amended and Restated Master Indenture of Trust, dated as of September 1, 2023 (as supplemented from time to time pursuant to its terms, the "Master Indenture"), between SHC, as sole member of the Obligated Group created thereunder (the "Obligated Group"), and The Bank of New York Mellon Trust Company, N.A., as master trustee (the "Master Trustee").

Pursuant to the provisions of the Master Indenture, SHC has issued obligations under the Master Indenture (each, an "Obligation") to, among other things, 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. 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").

The covenants listed below are applicable to this transaction.

Unconditional Promise to Pay; Pledge of Revenues. SHC agrees to pay the Trustee¹ 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

¹ Capitalized terms are defined in the bond documents and/or the Master Indenture. Copies of the bonds documents and Master Indenture are on file with CHFFA staff.

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 Receivables. SHC, as the sole Obligated Group Member, has granted (and each future Obligated Group Member will grant) to the Master Trustee security interests under the Uniform Commercial Code in all of its respective Gross Receivables to secure its obligations to make Required Payments.

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, subject to the terms thereof, a Debt Service Coverage Ratio of 1.10x.

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 forth in the Master Indenture.

Limitations on Withdrawal from the Obligated Group and Entrance into the Obligated Group. The Master Indenture sets forth certain requirements that 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 bond documents associated with the proposed financing and found these documents and proposed covenants to be acceptable.

III. FINANCIAL STATEMENTS AND ANALYSIS

Stanford Health Care
Consolidated Statement of Operations and Changes in Net Assets (Income Statement)
(in thousands of dollars)

	For the years ended August 31,		
	2024	2023	2022
Operating revenues and other support:			
Net patient service revenue	\$ 8,681,322	\$ 7,521,035	\$ 6,922,468
Premium revenue	56,709	65,386	75,310
Grants - COVID-19 and FEMA	303	32,031	215,316
Other revenue	207,327	242,041	192,353
Net assets released from restrictions used for operations	6,763	11,213	7,020
Total operating revenues and other support	8,952,424	7,871,706	7,412,467
Operating expenses:			
Salaries and benefits	3,915,374	3,575,799	3,344,920
Professional services	74,720	75,539	75,439
Supplies	1,345,171	1,171,175	1,009,604
Purchased services	2,033,893	1,757,521	1,598,840
Depreciation and amortization	292,030	263,140	270,346
Interest	80,394	74,100	71,940
Other	667,083	539,566	522,697
Expense recoveries to related parties	-	-	588
Total operating expenses	8,408,665	7,456,840	6,894,374
Income from operations	543,759	414,866	518,093
Interest and investment income	149,495	63,151	99,924
(Losses) earnings on equity method investments	(72,159)	42,980	36,188
Change in value of University managed pools and other	462,058	210,460	(375,746)
Swap interest and change in value of swap agreements	(2,898)	55,155	120,324
Other components of net periodic benefit costs	(6,608)	(5,969)	(3,243)
Pension termination	(51,688)	-	-
Loss on extinguishment of debt	(7,732)	-	-
Excess of revenues over expenses	1,014,227	780,643	395,540
Other changes in net assets without donor restrictions:			
Transfers to Stanford University	(104,835)	(89,645)	(112,361)
Transfers from Lucile Salter Packard Children's Hospital at Stanford	276	1,783	-
Change in net unrealized gains (loss) on investments	22,639	9,974	(24,894)
Net assets released from restrictions used for:			
Purchase of property and equipment	6,384	20,281	2,209
Purchase of property and equipment - New Stanford Hospital	-	-	9,550
Change in pension and postretirement liability	52,900	4,039	1,694
Noncontrolling capital (distribution) contribution	(1,010)	(929)	7,864
Increase in net assets without donor restrictions	990,581	726,146	279,602
Changes in net assets with donor restrictions:			
Transfers from (to) Stanford University	301	(258)	3,128
Contributions and other	7,145	20,884	9,178
Investment Income	1,837	1,640	-
Gains on University managed pools	4,149	2,059	(799)
Net assets released from restrictions used for:			
Operations	(6,763)	(11,213)	(7,020)
Purchase of property and equipment	(6,384)	(20,281)	(2,209)
Increase (decrease) in net assets with donor restrictions	285	(7,169)	(6,235)
Increase in net assets	990,866	718,977	273,367
Net assets, beginning of year	6,836,835	6,117,858	5,844,491
Net assets, end of year	\$ 7,827,701	\$ 6,836,835	\$ 6,117,858

**Stanford Health Care
Consolidated Balance Sheets
(in thousands of dollars)**

	As of August 31,		
	2024	2023	2022
Assets			
Current assets:			
Cash and cash equivalents	\$ 446,748	\$ 611,592	\$ 536,803
Short-term investments	134,761	73,957	72,009
Patient accounts receivables, net	1,197,687	1,042,786	1,023,568
Other receivables	158,513	141,847	115,203
Inventories	110,243	111,726	107,750
Prepaid expenses and other	97,731	131,202	136,216
Due from Lucile Salter Packard Children's Hospital at Stanford	30,392	17,315	-
Total current assets	2,176,075	2,130,425	1,991,549
Investments	2,673,532	1,987,069	1,827,594
Equity method investments	196,811	235,073	166,689
Investments in University managed pools	3,019,639	2,587,499	2,504,088
Assets limited as to use for capital projects & other long-term purposes	35,378	44,856	-
Property and equipment, net	3,999,516	3,875,677	3,725,488
Right of use lease assets	381,413	318,150	247,572
Due from Stanford University - housing loans	230,063	186,726	149,627
Other assets	85,989	51,136	51,571
Total assets	<u>\$ 12,798,416</u>	<u>\$ 11,416,611</u>	<u>\$ 10,664,178</u>
Liabilities and Net Assets			
Current liabilities:			
Accounts payable and accrued liabilities	\$ 518,918	\$ 625,120	\$ 623,232
Accrued salaries and related benefits	521,792	467,582	482,073
Due to related parties	-	-	218,641
Due to Stanford University	299,844	238,778	-
Third-party payor settlements	76,089	69,124	63,324
Current portion of long-term debt	175,330	13,475	17,065
Debt subject to remarketing arrangements	168,200	168,200	168,200
Operating lease liabilities, current	74,236	69,335	73,742
Self-insurance reserves and other	123,801	116,798	97,400
Total current liabilities	1,958,210	1,768,412	1,743,677
Self-insurance reserves and other, net of current portion	267,430	236,193	221,878
Swap liabilities	77,506	86,262	145,906
Operating lease liabilities, net of current portion	322,119	260,677	187,592
Other long-term liabilities	145,455	139,462	137,195
Long-term debt, net of current portion	2,199,995	2,088,770	2,110,072
Total liabilities	<u>4,970,715</u>	<u>4,579,776</u>	<u>4,546,320</u>
Net assets:			
Without donor restrictions:			
Attributable to Stanford Health Care	7,637,457	6,658,752	5,934,103
Noncontrolling interests	52,030	40,154	38,657
Total without donor restrictions	7,689,487	6,698,906	5,972,760
With donor restrictions	138,214	137,929	145,098
Total net assets	<u>7,827,701</u>	<u>6,836,835</u>	<u>6,117,858</u>
Total liabilities and net assets	<u>\$ 12,798,416</u>	<u>\$ 11,416,611</u>	<u>\$ 10,664,178</u>

	Proforma			
	FYE 8/31/2024^(a)	2024	2023	2022
Debt Service Coverage (x) - Operations	7.6	9.8	8.2	9.8
Debt Service Coverage (x) - Net	11.3	14.5	11.7	7.1
Debt-to-Unrestricted Net Assets (x)	0.4	0.3	0.3	0.4
Operating Margin (%)		6.1	5.3	7.0
Current Ratio (x)		1.1	1.2	1.1

^(a) Recalculates FY 2024 results to include the impact of the proposed financing.

Financial Discussion

SHC's income statement exhibits positive operating results with revenues growing in each year of the review period.

SHC exhibits positive operating margins each year of the review period, most recently posting a margin of 6.1% in fiscal year (FY) 2024. Total operating revenues and other support grew by 21%, from approximately \$7.4 billion in FY 2022, to just over \$7.8 billion in FY 2023, and to nearly \$9.0 billion in FY 2024. The increase was due to large increases in net patient service revenue, which was driven by an increase in inpatient and outpatient volumes, a settlement for the underpayment of 340B drugs, higher revenues from the Hospital Fee Program, and an increase in acute patient services as well as inpatient and outpatient surgeries. Other revenue increased from \$192 million in FY 2022 to \$242 million in FY 2023 primarily due to a \$21 million California Retention Program credit from the Department of Healthcare Services healthcare worker retention program. Since this credit was not received in FY 2024, the other revenues decreased to \$207.3 million during that year.

Total operating expenses increased by 22% from approximately \$6.9 billion in FY 2022 to approximately \$7.5 billion in FY 2023, and about \$8.4 billion in FY 2024. SHC's largest expense, salaries and benefits, experienced growth from approximately \$3.3 billion in FY 2022 to more than \$3.9 billion in FY 2024. According to SHC's management, the growth was due to an increase in staffing to support the patient volume growth and due to the increase in salaries to maintain market rates and inflationary pressures. Purchased services increased from nearly \$1.6 billion in FY 2022 to over \$2.0 billion in FY 2024. The increases were due to payments made to Stanford University according to an agreement with the School of Medicine for services provided by the physicians for patient care services, medical directorships and graduate medical education.

SHC's balance sheet demonstrates a strong ability to repay debt with a pro forma FY 2024 net debt service coverage ratio of 11.3x.

Throughout the review period, SHC maintained a strong net debt service coverage ratio of 7.1x in FY 2022, 11.7x in FY 2023, and 14.5x in FY 2024. With the issuance of the proposed new tax-exempt bonds, SHC's pro forma FY 2024 net debt service coverage ratio remains strong at 11.3x. SHC continues to demonstrate a low utilization of debt financing in relation to its net assets with a debt-to-unrestricted net assets ratio of 0.4x in FY 2022 and 0.3x in both FY 2023 and FY 2024. SHC's pro forma FY 2024 debt-to-unrestricted net assets ratio increases slightly to 0.4x with the additional tax-exempt bond debt.

Total assets increased by 20%, from approximately \$10.7 billion in FY 2022 to just over \$11.4 billion in FY 2023, then to over \$12.8 billion in FY 2024. Cash and cash equivalents increased from \$536.8 million in FY 2022 to nearly \$611.6 million in FY 2023, then decreased to just over \$446.7 million in FY 2024. According to SHC's management, the changes in cash and cash equivalents were primarily due to rebalancing activities to ensure compliance with its Investment Policy Statement. Investments grew from \$1.8 billion in FY 2022 to approximately \$2.7 billion in FY 2024. SHC's management explained that the increases were due to healthy market returns as well as a transfer of funds from cash to other investment pools.

IV. DUE DILIGENCE

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

- **Government Code section 15438.5(a) (Pass-Through Savings):** SHC completed and submitted the Pass-Through Savings Certification.
- **Government Code section 15459.1 (Community Service Obligation):** SHC completed and submitted the Community Service Obligation Certification and indicated that Medi-Cal and Medicare patients are accepted. Below is a link to SHC's 2024 Annual Report regarding community service:

[Community Health & Partnerships | Stanford Health Care](#)

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

V. OUTSTANDING DEBT

As of August 31, 2024, SHC's outstanding long-term debt totaled approximately \$2.4 billion, of which approximately \$1.3 billion (54%) was comprised of debt issued through the Authority.

Following this proposed financing through the Authority of approximately \$250 million in new money tax-exempt bonds and \$50 million in tax-exempt bonds refinancing short-term tax-exempt commercial paper, SHC's total outstanding long-term debt will increase to approximately \$2.7 billion, with approximately \$1.6 billion (59%) issued through the Authority.

VI. UTILIZATION STATISTICS

	As of August 31,		
	2024	2023	2022
Discharges			
Acute	35,357	33,265	30,684
Behavioral Health	594	588	711
Total	<u>35,951</u>	<u>33,853</u>	<u>31,395</u>
Patient Days			
Acute	243,877	232,821	212,210
Behavioral Health	9,878	9,996	9,571
Subtotal	<u>253,755</u>	<u>242,817</u>	<u>221,781</u>
Short Stay Outpatient	<u>16,652</u>	<u>15,213</u>	<u>15,573</u>
Total	<u>270,407</u>	<u>258,030</u>	<u>237,354</u>
Average Daily Census			
Acute	666.3	637.9	581.4
Behavioral Health	27.0	27.4	26.2
Total	<u>693.3</u>	<u>665.3</u>	<u>607.6</u>
Average Length of Stay			
Acute	6.90	7.00	6.92
Behavioral Health	16.63	17.00	13.46
Average	<u>7.06</u>	<u>7.17</u>	<u>7.06</u>
Case Mix Index	2.65	2.68	2.71
Emergency Room Visits ¹	112,801	107,521	97,805
Short Stay Outpatient Procedures	59,875	54,895	50,298
Other Outpatient Visits ²	1,153,827	1,194,657	1,383,054
Surgeries			
Inpatient	13,337	12,787	12,972
Outpatient	<u>33,684</u>	<u>30,991</u>	<u>29,331</u>
Total	<u>47,021</u>	<u>43,778</u>	<u>42,303</u>

¹Includes emergency room visits of admitted inpatients

²Excludes outpatient emergency room visits

VII. BACKGROUND AND LICENSURE

Background:

SHC, formerly known as Stanford Hospital and Clinics, is a principal teaching affiliate of the SHC 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 neuroscience 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 622-licensed bed tertiary, quaternary, and specialty hospital (the Hospital), and the primary, specialty and sub-specialty clinics (the 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. From 2023 – 2024, just over 17,400 SHC employees delivered outpatient care to over 1.3 million patients at either emergency rooms or through virtual visits.

Licenses and Contracts

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 for laboratory services.

VIII. STAFF RECOMMENDATION

Staff recommends the Authority approve Resolution No. 464 in an amount not to exceed \$460,000,000 for Stanford Health Care, subject to the conditions in the resolution. TAP International, Inc., the Authority's financial analyst, and KNN Public Finance, LLC, the Authority's municipal advisor, concur with the Authority's staff recommendation.

EXHIBIT 1
PROJECT SITES

- 300 and 500 Pasteur Drive, Stanford, CA 94305
- 875 and 900 Blake Wilbur Drive, Palo Alto, CA 94304
- 211 and 401 Quarry Road, Palo Alto, CA 94304
- 700, 750, 770, 777, 780, 800, 801, 900, 1000, 1101, and 1189 Welch Road, Palo Alto, CA 94304
- 500 and 510 Broadway, Redwood City, CA 94063

EXHIBIT 2

FINANCING TEAM

Borrower: Stanford Health Care

Agent for Sale: California State Treasurer

Issuer's Counsel: Office of the Attorney General

Issuer's Municipal Advisor: KNN Public Finance, LLC

Issuer's Financial Analyst: TAP International, Inc.

Bond Counsel: Orrick, Herrington & Sutcliffe LLP

Borrower's Counsel: Ropes & Gray LLP

Borrower's Financial Advisor: Kaufman, Hall & Associates, LLC

Underwriters: Morgan Stanley & Co. LLC
Goldman Sachs & Co. LLC

Underwriters' Counsel: Chapman and Cutler LLP

Trustee: U.S. Bank Trust Company, National Association

Trustee's Counsel: Dorsey & Whitney LLP

Master Trustee: The Bank of New York Mellon Trust Company, N.A.

Master Trustee's Counsel: The Bank of New York Mellon Trust Company, N.A.

Rating Agencies: Moody's Investors Service, Inc.
Standard & Poor's Financial Services, LLC
Fitch Ratings, Inc.

Auditor: PricewaterhouseCoopers LLP

RESOLUTION NO. 464

RESOLUTION OF THE CALIFORNIA HEALTH FACILITIES FINANCING AUTHORITY AUTHORIZING THE ISSUANCE OF REVENUE BONDS TO FINANCE (INCLUDING BY REIMBURSING) A PROJECT 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 facilities in the State of California;

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 \$460,000,000 and make one or more loans of the proceeds thereof to the Borrower (i) to finance and refinance the costs of acquisition, construction, expansion, remodeling, renovation, furnishing, and equipping of certain existing health facilities of the Borrower (including by reimbursing expenditures made for such purposes), as more particularly described under the caption “Description of the Project” in Exhibit A hereto (collectively, the “Project”), including to (a) refinance outstanding commercial paper that was used to finance a portion of the Project and (b) refinance all or a portion of the California Health Facilities Financing Authority Revenue Bonds (Stanford Health Care), 2021 Series A (the “2021 Series A Bonds”) currently outstanding in the aggregate principal amount of \$157,715,000, the proceeds of which refinanced a portion of the Project, 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, to the extent applicable, 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 Revenue Bonds (Stanford Health Care)” (the “Bonds”) in a total aggregate principal amount not to exceed \$460,000,000 are hereby authorized to be issued from time to time, in one or more series, with such other name or names of the Bonds or series thereof as designated in any of the bond indentures pursuant to which the Bonds will be issued. The proceeds of the Bonds shall be used for any or all of the purposes set forth in the third 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 principal 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) one or more loan agreements relating to the Bonds (each, a “Loan Agreement,” and, collectively, the “Loan Agreements”), between the Authority and the Borrower;

(ii) one or more indentures relating to the Bonds (each, an “Indenture,” and, collectively, the “Indentures”), between the Authority and U.S. Bank Trust Company, National Association, as bond trustee (the “Bond Trustee”);

(iii) one or more bond purchase contracts, including the exhibits thereto, relating to the series of Bonds identified therein (each, a “Bond Purchase Contract” and, collectively, the “Purchase Contracts”), among Morgan Stanley & Co. LLC (“Morgan Stanley”), acting as representative of the underwriters on behalf of itself and Goldman Sachs & Co. LLC (“Goldman”), the Treasurer and the Authority, and approved by the Borrower; and

(iv) one or more preliminary official statements relating to the Bonds (each, a “Preliminary Official Statement,” and, collectively, the “Preliminary Official Statements”);

are hereby approved in substantially the forms on file with the Authority prior to this meeting, with such insertions, deletions or changes therein (including, without limitation, insertions, deletions or changes therein appropriate to reflect provisions relating to a deed of trust, a bond reserve fund, bond insurance, any other credit and/or liquidity facility and/or another security arrangement, at the sole option of the Borrower, for any series of

Bonds) as the officer executing the same may require or approve, such approval to be conclusively evidenced by execution and delivery thereof in the case of the Loan Agreements, the Indentures and the Purchase Contracts and by delivery thereof in the case of the Preliminary Official Statements. The Executive Director shall seek the advice of bond counsel and counsel to the Authority with respect to any such insertions, deletions or changes therein.

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

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

Section 6. Morgan Stanley and Goldman (hereinafter collectively referred to as the “Underwriters”) are hereby authorized to distribute a Preliminary Official Statement for each issue of Bonds to persons who may be interested in the purchase of such Bonds offered in such issuance, it being understood that, at the discretion of the Underwriters (in consultation with the Borrower), a preliminary official statement may not be required to be used with respect to any series of Bonds. The Underwriters are hereby directed to deliver the applicable final official statement (each an “Official Statement,” and, collectively, the “Official Statements”) to all actual purchasers of an issue of Bonds.

Section 7. The Bonds, when executed, shall be delivered to the Bond Trustee for authentication by the Bond Trustee. The Bond Trustee is hereby requested and directed to authenticate the Bonds by executing the Bond Trustee’s Certificate of Authentication appearing thereon, and to deliver the Bonds, when duly executed and authenticated, to or upon the direction of the Underwriters 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 Underwriters, 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 Indentures, the Loan Agreements, the Purchase Contracts, and the Official Statements. The Authority hereby approves any and all documents to be delivered in furtherance of the foregoing purposes, including without limitation: (a) a tax certificate and agreement and other certifications; (b) any agreement or commitment letter with respect to the provisions of bond insurance, a letter of credit, a surety bond, a credit facility and/or a liquidity facility for any series of the Bonds; and (c) any escrow agreement or escrow instructions required in connection with the refunding of the Prior Bonds.

Section 9. The Authority hereby approves the execution and delivery of all agreements, documents, certificates and instruments referred to herein with electronic signatures as may be permitted under the California Uniform Electronic Transactions Act and digital signatures as may be permitted under Section 16.5 of the California Government Code using DocuSign.

Section 10. The provisions of the Authority's Resolution No. 2023-06 apply to the documents and actions approved in this Resolution.

Section 11. 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 12. This Resolution shall take effect from and after the date of adoption.

Date of Adoption: _____.

Exhibit A

Description of the Project

Proceeds of the Bonds will be applied by the Borrower to finance and/or refinance the acquisition, construction, expansion, remodeling, renovation, furnishing, and equipping (including by reimbursing expenditures made for such purposes) of (1) certain health care facilities owned and operated by the Borrower and located 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, 500 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, 1101 Welch Road and 1189 Welch Road (the “Campus”) and (2) certain health care and health care related administrative facilities owned and operated by the Borrower and located generally at 500 Broadway and 510 Broadway in Redwood City, California.