CALIFORNIA HEALTH FACILITIES FINANCING AUTHORITY
BOND FINANCING PROGRAM
EXECUTIVE SUMMARY

Applicant:	Lucile Salter Packard Children's Hospital at Stanford (Lucile Packard) 725 Welch Road Palo Alto, CA 94307 (Santa Clara County)	**Amount Requested:**	$151,000,000
		Requested Loan Term:	Up to 40 years
		Authority Meeting Date:	June 25, 2026
		Resolution Number:	471

Project Site: Same as above
Facility Type: Acute Care Hospital
Eligibility: Government Code Section 15432(d)(1)
Prior Borrower: Yes (date of last Authority issue 2024)
Obligated Group: Lucile Packard is the sole member

Background: Lucile Packard is a California nonprofit public benefit corporation that operates a pediatric and obstetric hospital located on the campus of Stanford University in Palo Alto, California providing care in more than 150 medical specialties including brain and behavior, cancer, heart, pregnancy and newborn, pulmonary, and transplants. Lucile Packard currently maintains a total of 410 licensed acute care beds and operates outpatient clinics within its facilities and other community settings at more than 65 locations across the Bay Area.

Use of Proceeds: The Series 2026 bonds will refund the 2016 Series A and 2016 Series B bonds and fund all or a portion of the cost of issuance.

Type of Issue: Public offering, tax-exempt fixed rate
Expected Credit Rating: A1/A+/AA-; Moody's/S&P/Fitch
Financing Team: *See Exhibit 1 to identify possible Conflicts of Interest*

Financial Overview: Lucile Packard's income statement appears to show increasing revenue during the review period from fiscal year (FY) 2023 to FY 2025. Lucile Packard's balance sheet appears to have a solid financial position with a pro-forma FY 2025 net debt service coverage ratio of 6.2x.

Estimated Sources of Funds:		**Estimated Uses of Funds:**	
Bond proceeds	$ 151,000,000	Refunding	$ 150,567,710
Equity contribution	1,077,710	Financing costs	1,510,000
Total Estimated Sources	$ 152,077,710	**Total Estimated Uses**	$ 152,077,710

Due Diligence: Staff has confirmed the following documentation provided by Lucile Packard satisfies the California Health Facilities Financing Authority's (Authority) requirements: Eligibility, Legal Review, and the certifications for Pass-Through Savings, Iran Contracting Act, and Community Service Obligation.

Staff Recommendation: Staff recommends the Authority approve Resolution Number 471 in a principal amount not to exceed $151,000,000 for Lucile Salter Packard Children's Hospital at Stanford, 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.

STAFF SUMMARY, ANALYSIS, AND RECOMMENDATION

I. PURPOSE OF FINANCING

Lucile Packard is requesting Authority approval to issue one or more series of tax-exempt bonds to refund its CHFFA 2016 Series A and 2016 Series B bonds and to finance costs of issuance. Lucile Packard anticipates the Series 2026 refunding bonds will provide a net present value savings of approximately $25.3 million, or 16.8% of the refunded par amount, over the life of the bonds.

Refunding **$150,567,710**

<u>CHFFA 2016 Series A and 2016 Series B Bonds</u>

Proceeds from the CHFFA 2016 Series A and 2016 Series B bonds were used to advance refund CHFFA's 2008 Series A, B and C bonds and to finance part of the then-ongoing capital expansion project, which added approximately 521,000 square feet with the construction of two new six-story towers at the hospital.

Financing Costs[1] **1,510,000**

Total Estimated Uses of Funds **$152,077,710**

1 Lucile Packard may pay all or a portion of the Financing Costs from its equity contribution.

II. PROPOSED COVENANTS, SECURITY PROVISIONS AND DISCLOSURES

The 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 are modifications to the proposed covenants and disclosures following preparation of this executive summary, staff will report it at the board meeting.

Lucile Packard is the sole member of the Obligated Group created pursuant to the Master Indenture. Pursuant to the provisions of the Master Indenture, Lucile Packard has issued obligations under the Master Indenture (each, an Obligation) to secure the obligations of Lucile Packard 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 Lucile Packard. Lucile Packard will issue one or more Obligations under the Master Indenture to secure its obligations under the Loan Agreements entered into with the Authority in connection with the proposed bonds (2026 Bonds). All the covenants listed below are applicable to Lucile Packard as sole member of the Obligated Group.

The 2026 Bonds will be sold via public offering with Morgan Stanley & Co. LLC as underwriter. The 2026 Bonds are expected to receive investment-grade ratings from Moody's, S&P, and Fitch prior to the closing date, be held in the Depository Trust Company, and have $5,000 denominations.

After reviewing Lucile Packard's proposed credit profile, prior Lucile Packard's bond transactions, and current market requirements, KNN Public Finance, LLC (KNN), the Authority's municipal advisor, and the underwriter have concluded that the covenants listed below align with the interests of Lucile Packard, the Authority, and the Underwriter, and that Lucile Packard's current financial situation does not suggest additional covenants should be required.

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

Unconditional Promise to Pay. *Lucile Packard agrees to pay the trustee all amounts required for payment of the principal, interest and redemption premium, if applicable, with respect to the proposed bonds and agrees to pay the additional payments and expenses specified in the related loan agreements. In addition, Lucile Packard will issue one or more Obligations under the Master Indenture to secure the obligation of Lucile Packard to make the payments under the loan agreements. All Revenues (which will include payments by Lucile Packard 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 bond indenture (excluding the related Rebate Fund) will be pledged to secure the full payment of the applicable series of proposed bonds.*

Pledge of Gross Revenues. *The Obligated Group has pledged to deposit all of its Gross Revenues into an account or accounts designated as the Gross Revenue Accounts. If there is a failure to make a Required Payment, the Master Trustee may exercise control over the Gross Revenue Accounts 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. *The Obligated Group has agreed not to create, assume or suffer to exist any Lien upon its Property unless all Obligations of the Obligated Group are secured prior to or equally and ratably with any obligation secured by such Lien or unless otherwise permitted under the Master Indenture.*

Debt Service Coverage Requirement. *The Master Indenture requires that the Obligated Group maintain an annual Historical Debt Service Coverage Ratio of 1.25x.*

Limitation on Additional Indebtedness. *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.*

Limitation on Disposition of Assets. *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 Mergers, Sales or Conveyances. *The Obligated Group has agreed not to consolidate or merge with any corporation 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.*

Voluntary Continuing Disclosure Undertaking. *Lucile Packard will contractually agree to disclose designated financial and operating information to the designated website (EMMA) 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 guidelines to be acceptable.

III. FINANCIAL STATEMENTS AND ANALYSIS

Lucile Salter Packard Children's Hospital at Stanford
Consolidated Statement of Operations and Changes in Net Assets
Statement of Activities
(in thousands of dollars)

	Year Ended August 31,		
	2025	**2024**	**2023**
Operating revenues and other support			
Net patient service revenue	$ 2,832,552	$ 2,537,166	$ 2,381,770
Children's hospital supplemental payments	9,824	-	-
Provider fee revenue	18,091	205,008	136,655
Other revenue	122,456	110,368	122,740
Net assets released from restrictions used for operations	24,477	25,589	22,796
Total operating revenues and other support	3,007,400	2,878,131	2,663,961
Operating expenses			
Salaries and benefits	1,457,688	1,382,031	1,298,188
Professional services	29,668	24,416	23,491
Supplies	315,563	284,226	242,828
Purchased services	839,105	764,971	698,557
Provider fee expense	7,055	68,491	37,598
Other	180,345	169,090	162,860
Interest	30,324	30,830	31,258
Depreciation and amortization	86,067	82,864	88,579
Total operating expenses	2,945,815	2,806,919	2,583,359
Income from operations	61,585	71,212	80,602
Interest income	13,092	16,250	6,216
Income and gains from University managed pools and other	98,631	74,098	32,208
Income tax credit	-	-	496
Gain on extinguishment of debt	-	4,368	-
Other components of net periodic postretirement cost and settlement loss	(2,431)	(2,210)	(2,225)
Excess of revenues over expenses	170,877	163,718	117,297
Changes in net assets without donor restrictions			
Net assets released from restrictions used for purchases of property and equipment	15,480	1,324	16,269
Adjustment for minimum pension liability	(5,267)	(2,132)	2,848
Transfers to University and other	(48,831)	(51,100)	(49,585)
Contributions released to transfer to University	68,876	63,709	55,747
Contributions transferred to University	(68,876)	(63,709)	(55,747)
Adjustment for beneficial interest in trusts	47	-	-
Increase in net assets without donor restrictions	132,306	111,810	86,829
Changes in net assets with donor restrictions			
Contributions and other	121,053	73,509	90,423
Income and gains from University managed pools	57,856	41,104	19,445
Change in value of beneficial interest in remainder trusts	392	2,869	1,562
Net assets released from restrictions for operations	(24,477)	(25,589)	(22,796)
Net assets released from restrictions used for purchases of property and equipment	(15,480)	(1,324)	(16,269)
Contributions released to transfer to University	(68,876)	(63,709)	(55,747)
Transfers to University and other	(11,736)	(9,735)	(11,080)
Increase in net assets with donor restrictions	58,732	17,125	5,538
Increase in net assets	191,038	128,935	92,367
Net assets			
Beginning of year	3,409,971	3,281,036	3,188,669
End of year	$ 3,601,009	$ 3,409,971	$ 3,281,036

Lucile Salter Packard Children's Hospital at Stanford
Consolidated Balance Sheets
(in thousands of dollars)

	As of August 31, 2025	2024	2023
Assets			
Current assets			
Cash and cash equivalents	$ 439,748	$ 402,185	$ 390,081
Patient accounts receivable	782,060	711,310	682,349
Contributions receivable	44,081	36,325	37,097
Other receivables	16,231	66,340	13,500
Prepaid expenses, inventory and other	81,721	47,177	57,055
Total current assets	1,363,841	1,263,337	1,180,082
Investments	103,097	97,577	92,814
Investments in University managed pools	1,256,703	1,122,216	1,045,609
Board designated funds in University managed pools and other	176,883	163,951	156,148
Assets limited as to use for capital projects and other long-term purposes	78,558	94,338	178,352
Property and equipment, net	1,854,926	1,822,027	1,749,527
Beneficial interest and investments held in trusts, net	32,329	32,235	28,600
Contributions receivable, net of current portion	32,869	21,897	33,858
Due from related parties - housing loans	111,398	92,885	83,639
Right of use lease assets	186,697	192,383	206,915
Equity method investments and other assets	114,373	81,954	60,126
Total assets	$ 5,311,674	$ 4,984,800	$ 4,815,670
Liabilities and Net Assets			
Current liabilities			
Accounts payable, accrued liabilities, and deferred provider fee	$ 251,851	$ 194,555	$ 185,264
Accrued salaries and related benefits	177,417	153,250	142,571
Due to related parties	112,904	86,276	47,470
Third-party payor settlements	64,473	58,497	53,711
Current portion of long-term debt	10,085	9,605	109,570
Current portion of long-term right of use liability	36,941	35,843	31,520
Self-insurance reserves and other liabilities	22,454	19,013	16,548
Total current liabilities	676,125	557,039	586,654
Due to related parties, long term	29,405	-	
Self-insurance reserves and other liabilities, net of current portion	70,751	62,605	58,481
Long-term right of use lease liability, net of current portion	164,341	171,244	188,866
Long-term debt, net of current portion	770,043	783,941	700,633
Total liabilities	1,710,665	1,574,829	1,534,634
Net assets			
Without donor restrictions	2,670,675	2,538,369	2,426,559
With donor restrictions	930,334	871,602	854,477
Total net assets	3,601,009	3,409,971	3,281,036
Total liabilities and net assets	$ 5,311,674	$ 4,984,800	$ 4,815,670

	Proforma[a] FYE 08/31/2025	2025	2024	2023
Debt Service Coverage - Operating (x)	4.5	4.5	1.3	5.0
Debt Service Coverage - Net (x)	6.2	6.2	1.6	5.1
Debt to Unrestricted Net Assets (x)	0.3	0.3	0.3	0.3
Margin (%)		2.0	2.5	3.0
Current Ratio (x)		2.0	2.3	2.0

[a] Recalculates FY 2025 audited results to include the impact of this proposed financing.

The audited, consolidated financial statements described herein include non-Obligated Group Member entities and were analyzed in this section. The non-Obligated Group Member entities comprise less than 10% of the consolidated net assets and qualify as "Immaterial Affiliates" under the Master Indenture. As such, the non-Obligated Group Member entities' operating results are included in the debt service coverage calculations required under the Master Indenture.

Financial Discussion

Lucile Packard's income statement appears to show increasing revenue during the review period from FY 2023 to FY 2025.

Lucile Packard's total operating revenues and other support increased by approximately 13% from approximately $2.7 billion in FY 2023 to approximately $3.0 billion in FY 2025, driven primarily by increases in net patient service revenue. Net patient service revenue increased from approximately $2.4 billion in FY 2023 to just over $2.8 billion in FY 2025. Per Lucile Packard management, the increase over the review period was a result of increases in patient volumes. Provider fee revenues fluctuated dramatically over the review period, increasing from nearly $137 million in FY 2023 to approximately $205 million in FY 2024, then declining sharply to around $18 million in FY 2025. The decline reflects management's decision not to recognize portions of the Managed Care programs' revenues before they are approved by the Centers for Medicare & Medicaid Services and are instead recorded as accrued liabilities on the balance sheet.

Lucile Packard's operating margins declined from 3.0% in FY 2023 to 2.5% in FY 2024, and fell further to 2.0% in FY 2025, reflecting a larger increase in operating expenses compared to operating revenues during the review period. Salaries and benefits are Lucile Packard's largest expense, which rose by 12.3% over the review period from just under $1.3 billion in FY 2023 to just under $1.5 billion in FY 2025. Management explained that the increase in Salaries and benefits was primarily driven by growth in salaries for registered nurses, expenses associated with Lucile Packard's Annual Incentive Plan, and increased costs tied to fringe benefits and paid time-off. Supplies rose over 30% during the review period from approximately $243 million in FY 2023 to over $284 million in FY 2024, then increased to over $315 million in FY 2025. The increased cost in Supplies is consistent with increases seen across the industry due to inflation and supply-chain pressure. Lucile Packard also provides highly specialized care, which tend to require specialty supplies and drugs that are more impacted by rising costs.

Lucile Packard's balance sheet appears to have a solid financial position with a pro-forma FY 2025 net debt service coverage ratio of 6.2x.

Over the three-year period in review, Lucile Packard's net debt service coverage ratio (DSCR) fluctuated from 5.1x in FY 2023, down to 1.6x in FY 2024, then increased to 6.2x in FY 2025. The FY 2024 DSCR decrease was the result of a $100 million liability due on its 2014 Series B Bonds. However, Lucile Packard refunded the 2014 bonds with the issuance of the CHFFA 2024 Bonds and did not have to pay the liability. Lucile Packard's proforma FY 2025 DSCR at 6.2x indicates their strong ability to repay their debt. Lucile Packard's consistent 0.3x debt to unrestricted net assets ratio during the review period reflects its low reliance on debt. With the refunding of its existing debt, Lucile Packard's proforma FY 2025 debt to unrestricted net assets ratio remains at 0.3x.

Lucile Packard maintains solid liquidity with a current ratio of 2.0x or more in all three years of the review period. Contributing to the solid current ratio is Lucile Packard's cash and cash equivalents of over $439 million in FY 2025, over $402 million in FY 2024, and just over $390 million in FY 2023.

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IV. DUE DILIGENCE

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

- **Government Code section 15438.5(a) (Pass-Through Savings):** Lucile Packard completed and submitted the Pass-Through Savings Certification.
- **Government Code section 15459.1 (Community Service Obligation):** Lucile Packard completed and submitted the Community Service Obligation certification and indicated that Medi-Cal and Medicare patients are accepted.
- **Compliance with Government Code section 15455(b) (California Environmental Quality Act (Pub. Resources Code, § 21000 et seq.)):** CEQA requirement does not apply for this financing.
- **Legal Review:** Lucile Packard completed and submitted relevant documentation for the Authority's Legal Status Questionnaire.
- **Iran Contracting Act Certificate:** The underwriter completed and submitted the Iran Contracting Act Certificate.

V. OUTSTANDING DEBT (in thousands)

Date Issued	Original Amount	Amount Outstanding as of August 31, 2025	Estimated Amount Outstanding after Proposed Financing
EXISTING LONG-TERM DEBT			
CHFFA Series 2016A	76,975	50,505	-
CHFFA Series 2016B	100,000	100,000	-
CHFFA Series 2017A	200,000	184,550	184,550
CHFFA Series 2022A	206,670	191,070	191,070
CHFFA Series 2024A	91,035	88,175	88,175
CHFFA Series 2024B	89,280	89,280	89,280
PROPOSED NEW DEBT			
CHFFA Series 2026			151,000
TOTAL DEBT		**$ 703,580**	**$ 704,075**

VI. UTILIZATION STATISTICS

Fiscal Year Ending August 31,

	2025	2024	2023
Inpatient Surgeries	3,771	3,643	3,466
Outpatient Surgeries	8,702	7,982	7,143
Discharges - OB	5,642	4,896	4,928
Patient Days - OB	19,953	18,341	17,074
Discharges - Pediatric	10,116	10,520	9,510
Patient Days - Pediatric	86,144	86,236	85,636
Clinic Visits	401,941	374,105	349,920
Clinic Visits - PCHA(1)	327,684	324,557	319,011

(1) Packard Children's Health Alliance

VII. BACKGROUND AND LICENSURE

Background

Lucile Packard is a California nonprofit public benefit corporation operating a pediatric and obstetric hospital located on the campus of Stanford University in Palo Alto, California. Lucile Packard employs approximately 6,288 hospital employees and 1,599 medical staff to maintain its 410 licensed acute-care beds and outpatient clinics within its facilities and other community settings at over 65 Bay Area locations.

The Stanford Home for Convalescent Children (SHCC) was officially established in 1919 to care for children recovering from chronic illnesses. To address a growing need for pediatric care, SHCC was moved to the Stanford University Medical Center campus in 1959 where patients could benefit from the teaching and research ties between the hospital and university. After a $40 million donation from David and Lucile Packard to construct a new children's hospital, the Lucile Packard Children's Hospital at Stanford opened in 1991. To address capacity constraints, an extensive capital expansion and improvement project completed in December 2017 doubled the hospital size, added two new patient bed towers, upgraded technologies and equipment, and included a family-friendly and environmentally sustainable place for patients and their families. Lucile Packard is a primary clinical affiliate of the Stanford University School of Medicine and operates a free-standing hospital with a separate license and provider number.

Licensure and Memberships

Lucile Packard is licensed as an acute care hospital by the California Department of Public Health Services to the extent required and is certified to participate in the Medicare and Medi-Cal programs.

Lucile Packard is a member of the Children's Hospital Association, the California Children's Hospital Association, the California Healthcare Association, the Hospital Council of Northern and Central California (Santa Clara County Division), the National Association of Children's Hospitals and Related Institutions, and the American Hospital Association.

VIII. STAFF RECOMMENDATION

Staff recommends the Authority approve Resolution No. 471 in a principal amount not to exceed $151,000,000 for Lucile Salter Packard Children's Hospital at Stanford, 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

FINANCING TEAM

Borrower:	Lucile Salter Packard Children's Hospital at Stanford
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.
Borrower's Counsel:	Epstein Becker Green, P.C.
Bond Counsel:	Orrick, Herrington & Sutcliffe LLP
Underwriter:	Morgan Stanley & Co. LLC
Underwriter's Counsel:	Chapman and Cutler LLP
Master Trustee & Bond Trustee:	Computershare Trust Company, N.A.
Master Trustee's and Bond Trustee's Counsel:	Thompson Hine LLP
Rating Agencies:	Moody's Investors Service, Inc. Standard & Poor's Financial Services, LLC Fitch Ratings, Inc.
Auditor:	PricewaterhouseCoopers LLP

RESOLUTION NO. 471

**RESOLUTION OF THE
CALIFORNIA HEALTH FACILITIES FINANCING AUTHORITY
AUTHORIZING THE ISSUANCE OF REFUNDING REVENUE BONDS
RELATED TO THE REFINANCING OF PROJECTS
AT THE HEALTH FACILITIES OF
LUCILE SALTER PACKARD CHILDREN'S HOSPITAL AT STANFORD**

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, Lucile Salter Packard Children's Hospital at Stanford 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 refunding revenue bonds in an aggregate principal amount not to exceed $151,000,000 and make one or more loans of the proceeds thereof to the Borrower (i) to refinance the costs of acquisition, construction, expansion, remodeling, renovation, furnishing, and equipping of certain existing health facilities of the Borrower, as more particularly described under the caption "Description of the Prior Project" in Exhibit A hereto (collectively, the "Prior Project"), by refinancing all or a portion of the California Health Facilities Financing Authority Refunding Revenue Bonds (Lucile Salter Packard Children's Hospital at Stanford), 2016 Series A and the California Health Facilities Financing Authority Revenue Bonds (Lucile Salter Packard Children's Hospital at Stanford), 2016 Series B (collectively, the "Prior Bonds"), currently outstanding in the aggregate principal amount of $150,505,000, the proceeds of which financed and refinanced a portion of the Prior 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 Prior 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 (Lucile Salter Packard Children's Hospital at Stanford)" (the "Bonds") in a total aggregate principal amount not to exceed $151,000,000 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 Computershare Trust Company, N.A., 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 (the "Underwriter"), 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. The Underwriter is 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 Underwriter (in consultation with the Borrower), a preliminary official statement may not be required to be used with respect to any series of Bonds. The Underwriter is 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 Underwriter 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 Underwriter, 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. 2026-01 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 Prior Project

Proceeds of the Bonds will be applied by the Borrower to refinance the acquisition, construction, expansion, remodeling, renovation, furnishing, and equipping of certain existing health facilities owned and operated by the Borrower and located at and in the vicinity of 725 Welch Road, Palo Alto, California 94304.