

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

Applicant/ Borrower:	Stanford Health Care (SHC) 300 Pasteur Drive, MC 5554 Stanford, CA 94305 Santa Clara County	Amount Requested:	\$500,000,000	Requested Loan Term:	Up to 40 years	Authority Meeting Date:	September 24, 2026	Resolution Number:	475
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 – May 2025)								
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 and provides primary and specialty health services to adults, including cardiovascular health, cancer treatment, gastrointestinal services, solid organ transplantation services, orthopedics and neurosciences services. SHC, together with Lucile Salter Packard Children’s Hospital at Stanford (Lucile Packard), operates the clinical settings through which the Stanford University 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 ongoing construction of a medical office building in Redwood City and the rebuilding of SHC’s original hospital facility in Palo Alto. Bond proceeds will also be used to reimburse short-term tax-exempt commercial paper used to finance the same projects, and to pay for soft costs related to the entitlements and design of the upcoming Stanford Medicine Cancer Center.									
Type of Issue:		Negotiated public offering of fixed rate tax-exempt bonds (expected minimum denominations of \$5,000)							
Expected Credit Rating:		Aa2/AA-/AA; Moody’s/S&P/Fitch							
Financing Team:		Please see Exhibit 2 to identify possible conflicts of interest							
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 2025 net debt service coverage ratio of 7.6x.									
<u>Estimated Sources of Funds:</u>					<u>Estimated Uses of Funds:</u>				
Bond Proceeds	\$	500,000,000			Project Fund	\$	500,003,138		
Borrower Funds		3,356,875			Financing Costs		3,353,737		
Total Estimated Sources	\$	503,356,875			Total Estimated Uses	\$	503,356,875		
Due Diligence: Staff has confirmed the documentation provided by SHC satisfies the California Health Facilities Financing Authority’s (Authority) 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. 475 for an amount not to exceed \$500,000,000 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 in this staff report related to the Borrower or the projects to be financed, including any data or analysis related to the Borrower's financial condition or ability to repay the financing, 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.). This staff report does not constitute a recommendation by the Authority to purchase the bonds. Potential investors are advised to read the entire Preliminary Official Statement and Official Statement with respect to the bonds to obtain information essential to the making an informed investment decision.

(RM)

STAFF SUMMARY, ANALYSIS, AND RECOMMENDATION

I. PURPOSE OF FINANCING

In 2023, the Authority issued tax-exempt bonds for SHC that were used toward a \$1.6 billion project to rebuild its original hospital facility, which was constructed in 1959, and known as the 300P Renewal Project. In 2025, the Authority issued bonds for additional funding of the 300P Renewal Project as well as for a construction project of a new medical office building (MOB) in Redwood City known as the 500 Broadway MOB Project. SHC is now requesting the Authority to issue tax-exempt bonds in an amount not to exceed \$500,000,000, which will be used to further the 300P Renewal Project and the 500 Broadway MOB. Bond proceeds will also be used to reimburse \$200,000,000 in short-term tax-exempt commercial paper that was issued in August 2026 and used for expenditures related to the same projects. Additionally, bond proceeds will be used to pay for soft costs related to the upcoming Stanford Medicine Cancer Center project.

Project Fund \$500,003,138

300P Renewal Project (Palo Alto Campus)

The 300P Renewal Project is a \$1.6 billion renovation project that modernizes the 1959-era original hospital located at 300 Pasteur Drive. Thus far, progress includes (1) a completed conversion of a large portion of the former adult emergency department to pediatric emergency services, (2) completed modernization of one patient care tower, including conversion to private patient rooms, enlargement of bathrooms, and provision of accommodation for families, (3) a completed new morgue and autopsy space, (4) commencement of renovations in the interventional platform and expansion of the post-anesthesia care unit, (5) commencement of modernization of another patient care tower, as well as construction of replacement beds in extension towers, and (6) commencement of significant upgrades to various public spaces. At the completion of the 300P Renewal Project, projected for the end of 2029, 600 inpatient beds will be transitioned to private rooms with a maximum inpatient capacity of 232 beds.

500 Broadway MOB Project (on the Redwood City Campus)

Bond proceeds are being used to continue the construction of a new state-of-the-art, 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 fiscal quarter of 2027.

Tax-Exempt Commercial Paper

In August 2026, SHC issued \$200 million of tax-exempt commercial paper. Proceeds were used to finance costs associated with the 300 P Renewal Project and the 500 Broadway MOB Project.

Stanford Medicine Cancer Center

The Stanford Medicine Cancer Center will be located adjacent to the 500 Broadway MOB Project and is in the early stages of planning. Proceeds from the 2026 bonds will be used for indirect expenses, such as feasibility studies, conceptual planning, preliminary design work, architectural and engineering studies, professional services, permitting, and administrative costs. Construction is expected to begin in 2030 and the center to open in 2037 with a total expected cost of \$5 billion.

Financing Costs		3,353,737
Cost of issuance	\$1,808,660	
Underwriter's Discount	<u>1,545,077</u>	
TOTAL USES OF FUNDS		<u>\$503,356,875</u>

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 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).

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.

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,		
	2025	2024	2023
Operating revenues and other support:			
Net patient service revenue	\$ 9,165,371	\$ 8,681,322	\$ 7,521,035
Premium revenue	41,318	56,709	65,386
Grants - COVID-19 and FEMA	6,033	303	32,031
Other revenue	247,350	207,327	242,041
Net assets released from restrictions used for operations	5,432	6,763	11,213
Total operating revenues and other support	9,465,504	8,952,424	7,871,706
Operating expenses:			
Salaries and benefits	4,225,659	3,915,374	3,575,799
Professional services	38,373	74,720	75,539
Supplies	1,573,643	1,345,171	1,171,175
Purchased services	2,246,821	2,033,893	1,757,521
Depreciation and amortization	276,023	292,030	263,140
Interest	83,035	80,394	74,100
Other	549,281	667,083	539,566
Total operating expenses	8,992,835	8,408,665	7,456,840
Income from operations	472,669	543,759	414,866
Interest and investment income	277,890	149,495	63,151
Earnings (losses) on equity method investments	4,470	(72,159)	42,980
Change in value of University managed pools and other	401,778	462,058	210,460
Swap interest and change in value of swap agreements	19,653	(2,898)	55,155
Other components of net periodic benefit costs	(5,983)	(6,608)	(5,969)
Pension termination	-	(51,688)	-
Gain (loss) on extinguishment of debt (swaps)	1,022	(7,732)	-
Other non operating income	982	-	-
Excess of revenues over expenses	1,172,481	1,014,227	780,643
Other changes in net assets without donor restrictions:			
Transfers to Stanford University	(128,993)	(104,835)	(89,645)
Transfers from Lucile Salter Packard Children's Hospital at Stanford	-	276	1,783
Change in net unrealized gain on investments	5,465	22,639	9,974
Net assets released from restrictions used for:			
Purchase of property and equipment	15,902	6,384	20,281
Change in pension and postretirement liability	(12,410)	52,900	4,039
Noncontrolling capital contribution (distribution)	2,000	(1,010)	(929)
Increase in net assets without donor restrictions	1,054,445	990,581	726,146
Changes in net assets with donor restrictions:			
Transfers from (to) Stanford University	10,667	301	(258)
Contributions	(838)	7,145	20,884
Investment Income	1,834	1,837	1,640
Gains on University managed pools	5,590	4,149	2,059
Net assets released from restrictions used for:			
Operations	(5,432)	(6,763)	(11,213)
Purchase of property and equipment	(15,902)	(6,384)	(20,281)
(Decrease) Increase in net assets with donor restrictions	(4,081)	285	(7,169)
Increase in net assets	1,050,364	990,866	718,977
Net assets, beginning of year	7,827,701	6,836,835	6,117,858
Net assets, end of year	\$ 8,878,065	\$ 7,827,701	\$ 6,836,835

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

	As of August 31,		
	2025	2024	2023
Assets			
Current assets:			
Cash and cash equivalents	\$ 406,595	\$ 446,748	\$ 611,592
Short-term investments	342,382	134,761	73,957
Patient accounts receivables, net	1,413,354	1,197,687	1,042,786
Other receivables	128,097	158,513	141,847
Inventories	111,124	110,243	111,726
Prepaid expenses and other	129,070	97,731	131,202
Due from Lucile Salter Packard Children's Hospital at Stanford	40,299	30,392	17,315
Total current assets	2,570,921	2,176,075	2,130,425
Investments	2,722,615	2,673,532	1,987,069
Equity method investments	243,952	196,811	235,073
Investments in University managed pools	3,812,034	3,019,639	2,587,499
Assets limited as to use for capital projects & other long-term purposes	17,992	35,378	44,856
Property and equipment, net	4,271,283	3,999,516	3,875,677
Right of use lease assets	333,624	381,413	318,150
Due from Stanford University - housing loans	268,271	230,063	186,726
Other assets	86,477	85,989	51,136
Total assets	<u>\$ 14,327,169</u>	<u>\$ 12,798,416</u>	<u>\$ 11,416,611</u>
Liabilities and Net Assets			
Current liabilities:			
Accounts payable and accrued liabilities	\$ 595,185	\$ 518,918	\$ 625,120
Accrued salaries and related benefits	565,663	521,792	467,582
Due to Stanford University	304,049	299,844	238,778
Third-party payor settlements	87,998	76,089	69,124
Current portion of long-term debt	20,315	175,330	13,475
Debt subject to remarketing arrangements	168,200	168,200	168,200
Operating lease liabilities, current	80,578	74,236	69,335
Self-insurance reserves and other	140,399	123,801	116,798
Total current liabilities	1,962,387	1,958,210	1,768,412
Self-insurance reserves and other, net of current portion	304,978	267,430	236,193
Swap liabilities	55,155	77,506	86,262
Operating lease liabilities, net of current portion	270,673	322,119	260,677
Due to Stanford University, net of current portion	85,956	-	-
Other long-term liabilities	147,559	145,455	139,462
Long-term debt, net of current portion	2,622,396	2,199,995	2,088,770
Total liabilities	5,449,104	4,970,715	4,579,776
Net assets:			
Without donor restrictions:			
Attributable to Stanford Health Care	8,674,779	7,637,457	6,658,752
Noncontrolling interests	69,153	52,030	40,154
Total without donor restrictions	8,743,932	7,689,487	6,698,906
With donor restrictions			
Total net assets	134,133	138,214	137,929
Total liabilities and net assets	<u>\$ 14,327,169</u>	<u>\$ 12,798,416</u>	<u>\$ 11,416,611</u>

	Proforma			
	FYE 8/31/2025^(a)	2025	2024	2023
Debt Service Coverage (x) - Operations	4.5	3.2	9.8	8.2
Debt Service Coverage (x) - Net	7.6	5.5	14.5	11.7
Debt-to-Unrestricted Net Assets (x)	0.4	0.3	0.3	0.3
Operating Margin (%)		5.0	6.1	5.3
Current Ratio (x)		1.3	1.1	1.2

^(a) Recalculates FY 2025 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 5% in fiscal year (FY) 2025. The Excess of revenues over expenses grew by just over 50% over the review period, from approximately \$781 million in FY 2023, up to around \$1 billion in FY 2024, and increased further to nearly \$1.2 billion in FY 2025. The growth was a result of a 20% increase in Total operating revenues and other support, which was primarily driven by a 22% increase in net patient service revenue from around \$7.5 billion in FY 2023, to over \$8.6 billion in FY 2024, then increased further to around \$9.2 billion in FY 2025. The increases reflected an overall increase in inpatient and outpatient services, driven by higher patient volumes, growth in complex tertiary and quaternary care, increased inpatient discharges and outpatient procedures, and continued demand for the SHC's destination service lines and specialty programs.

Total operating expenses increased by 21% from approximately \$7.5 billion in FY 2023 to approximately \$8.4 billion in FY 2024, and to just under \$9 billion in FY 2025. SHC's largest expense, Salaries and benefits, grew from approximately \$3.6 billion in FY 2023 to more than \$3.9 billion in FY 2024, then increased further to around \$4.2 billion in FY 2025. According to SHC's management, the growth was due to expanded head count to support increasing patient volumes and annual salary increases necessary to remain competitive in the market for health care professionals. Supplies increased by over 34% from nearly \$1.2 billion in FY 2023 to over \$1.3 billion in FY 2024, then increased further to around \$1.6 billion in FY 2025. The increases were caused by higher patient activity and volume growth, inflationary cost pressures, and increases utilization of medical supplies associated with growth in patient services.

H.R. 1 is expected to reduce federal Medicaid funding over time through changes to eligibility requirements, limits on provider taxes and state directed payments, and other policy changes that may increase the uninsured population. For SHC, the primary risks include lower Medical reimbursement levels, reduced supplemental funding, and higher levels of uncompensated care, each of which could negatively affect revenue and operating margins. To mitigate these potential impacts, SHC continues to strengthen operating performance through initiatives focused on capacity optimization, patient access and throughput, workforce productivity, supply chain and non-labor expense management, and disciplined use of technology. These efforts are intended to support revenue growth, enhance efficiency, and preserve operating margins. SHC also maintains a strong liquidity position, with approximately \$8.1 billion in unrestricted cash and investments and 319 days cash on hand as of May 31, 2026, providing substantial financial flexibility to manage potential reimbursement pressures and funding reductions as they are phased in over time.

SHC's balance sheet demonstrates a strong ability to repay debt with a pro forma FY 2025 net debt service coverage ratio of 7.6x.

Throughout the review period, SHC maintained a strong net debt service coverage ratio of 11.7x in FY 2023, 14.5x in FY 2024, and 5.5x in FY 2025. This demonstrates SHC's strong financial capacity to meet its debt payment obligations. The decline in FY 2025 was primarily due to a large bond maturity due in 2025, which was then refunded as part of SHC's 2025 bond financing approved by the Authority. With the issuance of the proposed new tax-exempt bonds, and accounting for the 2025 refunding, SHC's pro forma FY 2025 net debt service coverage ratio remains strong at 7.6x. 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 0.3x during the review period. SHC's pro forma FY 2025 debt-to-unrestricted net assets ratio increased slightly to 0.4x with the additional tax-exempt bond debt. Ratios below 1.0x typically meet the industry target for debt to unrestricted net assets.

Total assets increased by over 25%, from approximately \$11.4 billion in FY 2023 to around \$12.8 billion in FY 2024, then increased to over \$14.3 billion in FY 2025. Cash and cash equivalents decreased from \$611.6 million in FY 2023 down to nearly \$447 million in FY 2024, then decreased further to just over \$406.6 million in FY 2025. According to SHC's management, the changes in cash and cash equivalents were primarily due to the deployment of cash to support capital expenditures, growth in investment balances, and other strategic investments while maintaining strong overall liquidity. The largest increases were seen in Short-term investments and amounts due from Lucile Packard. Short-term investments grew by over 362% from just under \$74 million in FY 2023, up to around \$135 million in FY 2024, then increased further to over \$342 million. Per management, the increases were due to the reallocation of assets across investment portfolios and growth in SHC's overall investment balances. Amounts due from Lucile Packard reflect amounts owed to SHC for shared services, purchased services, and other intercompany arrangements between the two organizations and grew from around \$17 million in FY 2023 to over \$30 million in FY 2024, then to just over \$40 million in FY 2025. Growth was due to higher levels of services provided by SHC to Lucile Packard and the resulting increase in intercompany receivable balances.

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 2025 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 (in thousands)

	<u>Original Amount</u>	<u>Amount Outstanding as of August 31, 2025</u>	<u>Estimated Amount Outstanding after Proposed Financing</u>
EXISTING LONG-TERM DEBT			
Tax-Exempt Bonds			
CHFFA 2008 Series B (Variable Rate)	\$ 168,200	\$ 168,200	\$ 168,200
CHFFA 2015 Series A	100,000	100,000	100,000
CHFFA 2017 Series A	454,200	406,350	387,870
CHFFA 2020 Series A	170,120	170,120	170,120
CHFFA 2023 Series A	260,545	260,545	260,545
CHFFA 2025 Series A	149,580	149,580	147,745
CHFFA 2025 Series B	266,540	266,540	266,540
Taxable Bonds			
Corporate Series 2018	500,000	500,000	500,000
Corporate Series 2020	300,000	300,000	300,000
Corporate Series 2021	365,100	365,100	365,100
PROPOSED NEW DEBT			
CHFFA 2026 Bonds			500,000
TOTAL DEBT		<u>\$ 2,686,435</u>	<u>\$ 3,166,120</u>

VI. UTILIZATION STATISTICS

	As of August 31,		
	2025	2024	2023
Discharges			
Acute	36,889	35,357	33,265
Behavioral Health	666	594	588
Total	37,555	35,951	33,853
Patient Days			
Acute	248,733	243,877	232,821
Behavioral Health	9,459	9,878	9,996
Subtotal	258,192	253,755	242,817
Short Stay Outpatient	14,803	16,652	15,213
Total	272,995	270,407	258,030
Average Daily Census			
Acute	681.5	666.3	637.9
Behavioral Health	25.9	27	27.4
Total	707.4	693.3	665.3
Average Length of Stay			
Acute	6.74	6.9	7
Behavioral Health	14.2	16.63	17
Average	6.88	7.06	7.17
Case Mix Index	2.69	2.65	2.68
Emergency Room Visits ¹	112,058	112,801	107,521
Short Stay Outpatient Procedures	62,415	59,875	54,895
Other Outpatient Visits ²	1,174,033	1,153,827	1,194,657
Surgeries			
Inpatient	14,092	13,337	12,787
Outpatient	34,852	33,684	30,991
Total	48,944	47,021	43,778

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 Stanford University School of Medicine (School of Medicine) and provides primary and specialty health services to adults, including cardiovascular health, cancer treatment, gastrointestinal services, solid organ transplantation services, orthopedics and neurosciences services. SHC, together with Lucile Packard, 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. As of May 31, 2026, just over 17,600 SHC employees delivered outpatient care to over 1.5 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. 475 in an amount not to exceed \$500,000,000 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, Palo Alto, CA 94304 (Santa Clara County)
- 875 and 900 Blake Wilbur Drive, Palo Alto, CA 94304 (Santa Clara County)
- 211 and 401 Quarry Road, Palo Alto, CA 94304 (Santa Clara County)
- 700, 750, 770, 777, 780, 800, 801, 900, 1000, 1101, and 1189 Welch Road, Palo Alto, CA 94304 (Santa Clara County)
- 420, 430, 440, 450, 500, 505, 510, 575, and 585 Broadway, Redwood City, CA 94063 (San Mateo County)
- 1201 Douglas Avenue, Redwood City, CA 94063 (San Mateo County)

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.

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

Borrower's Counsel: Epstein Becker & Green, P.C.

Bond Counsel: Orrick, Herrington & Sutcliffe LLP

Underwriters: Goldman Sachs & Co. LLC
J.P. Morgan Securities LLC

Underwriters' Counsel: Chapman and Cutler LLP

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

Master Trustee and 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. 475

RESOLUTION OF THE CALIFORNIA HEALTH FACILITIES FINANCING AUTHORITY AUTHORIZING THE ISSUANCE OF REVENUE BONDS TO FINANCE (INCLUDING BY REIMBURSING) AND/OR REFINANCE 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 \$500,000,000 and make one or more loans of the proceeds thereof to the Borrower for any or all of the following purposes (i) to finance (including by reimbursing prior expenditures made for such purposes) and/or refinance the costs of acquisition, construction, expansion, remodeling, renovation, furnishing, and/or equipping of certain health facilities of the Borrower, as more particularly described under the caption “Description of the Project” in Exhibit A hereto (collectively, the “Project”), including to refinance outstanding commercial paper that was used to finance 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, 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 \$500,000,000 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, reserve funds, 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 The Bank of New York Mellon 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 “Bond Purchase Contracts”), each among any of Goldman Sachs & Co. LLC, J.P. Morgan Securities LLC or any of their respective affiliates, for itself or as representative of any underwriters named in the Bond Purchase Contracts as finally executed (the “Underwriters”), 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 Bond 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 and provisions for the extension thereof (not exceeding 40 years from the respective dates of issue), interest rates, interest rate modes, or manner of determining interest rates, interest payment dates, series designation, 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 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 Bond 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: (i) tax certificate and agreements and other certifications; and (ii) 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.

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 Uniform Electronic Transactions Act (California Civil Code section 1633.1, et seq.) 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, or a superseding resolution subsequently adopted by the Authority, 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 (including by reimbursing prior expenditures made for such purposes) and/or refinance the acquisition, construction, expansion, remodeling, renovation, furnishing, and/or equipping of (1) certain health 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 and (2) certain health facilities owned and operated by the Borrower and located generally at 420 Broadway, 430 Broadway, 440 Broadway, 450 Broadway, 500 Broadway, 505 Broadway, 510 Broadway, 575 Broadway, 585 Broadway, and 1201 Douglas Avenue in Redwood City, California.