
**West Contra Costa Healthcare District
Doctors Medical Center
Board of Directors**

Wednesday, March 28, 2018

4:00 PM

**San Pablo City Council
Chambers**

**13831 San Pablo Avenue
San Pablo, CA**

**WEST CONTRA COSTA HEALTHCARE DISTRICT
DOCTORS MEDICAL CENTER**

BOARD OF DIRECTORS MEETING

**WCCHD DOCTORS MEDICAL CENTER
BOARD OF DIRECTORS
MEETING
March 28, 2018 – 4:00 P.M. PST
San Pablo City Council Chambers
13831 San Pablo Ave.
San Pablo, CA 94806**

Board of Directors
Nancy Casazza, Chair
Irma Anderson
Deborah Campbell
William van Dyk
Beverly Wallace

AGENDA

1. **CALL TO ORDER** N. Casazza, Chair

2. **ROLL CALL**

3. **PUBLIC COMMENTS** N. Casazza, Chair
[At this time persons in the audience may speak on any items not on the agenda and any other matter within the jurisdiction of the District Board]

4. **APPROVAL OF MINUTES OF February 7, 2018**

5. **ADJOURN TO CLOSED SESSION**
 - a. Conference with Real Property Negotiators (Gov. Code Section 54956.8) Regarding Hospital Property Sale and Related Wireless Company Relocation and Lease Termination, in Settlement of Litigation (Govt. Code Section 54956.9(d)(1),(2) and (4)).
E. Shaffer, Legal Counsel
Agency Negotiators: K. White, E. Shaffer
 - b. Conference with Legal Counsel, existing litigation (Government Code 54956.9(d)(1). In Re: West Contra Costa County Healthcare District: United States Bankruptcy Court for the Northern District of California: Chapter 9 Case No. 16-42917
E. Shaffer, Legal Counsel
G. Marsh, Legal Counsel

6. **ANNOUNCEMENT OF REPORTABLE ACTION(S) TAKEN IN CLOSED SESSION, IF ANY**

7. **OPERATIONS UPDATE** K. White, Interim CEO
 - a. Presentation
 - b. Public Comment
 - c. Discussion
 - d. *Action: For information only*

**8. RESOLUTION AMENDING THE TRUST AGREEMENT RELATING TO THE DISTRICT'S
2004 COPS** H. Emahiser, Financial Consultant

- a. Presentation
- b. Public Comment
- c. Discussion
- d. *Action: Approval of Resolution amending the Trust Agreement relating to the District's 2004 COPS as required by the bankruptcy court*

**9. RESOLUTION AMENDING THE TRUST AGREEMENT RELATING TO THE DISTRICT'S
2011 COPS** H. Emahiser, Financial Consultant

- a. Presentation
- b. Public Comment
- c. Discussion
- d. *Action: Approval of Resolution amending the Trust Agreement relating to the District's 2011 COPS as required by the bankruptcy court*

10. RESOLUTION FOR REFINANCING OF 2004 COPS H. Emahiser, Financial Consultant

- a. Presentation
- b. Public Comment
- c. Discussion
- d. *Action: Approval of Resolution for refinancing of 2004 COPS*

**11. UPDATE TO WCCHD AUDITED FINANCIAL STATEMENTS FOR DECEMBER 31, 2016 AND
2017** V. Scharr, Financial Consultant

- a. Presentation
- b. Public Comment
- c. Discussion
- d. *Action: Approval of update to WCCHD Audited Financial Statements for December 31, 2016 and 2017*

12. ADJOURNMENT OF MEETING

**MINUTES
FEBRUARY 7, 2018**

AGENDA ITEM 4

WEST CONTRA COSTA HEALTHCARE DISTRICT

BOARD OF DIRECTORS

WCCHD DOCTORS MEDICAL CENTER
BOARD OF DIRECTORS
February 7, 2018 – 4:00 P.M.
San Pablo City Council Chambers
13831 San Pablo Ave.
San Pablo, CA 94806

Board of Directors

Nancy Casazza
Deborah Campbell
Irma Anderson
Bill van Dyk
Beverly Wallace

MINUTES

1. **CALL TO ORDER**

The meeting was called to order at 4:00 P.M.

2. **ROLL CALL**

Quorum was established and roll was called:

Present:

*Nancy Casazza
Irma Anderson
Bill van Dyk*

Absent:

*Beverly Wallace
Deborah Campbell*

3. **PUBLIC COMMENTS**

There were no public comments.

4. **APPROVAL OF MINUTES OF December 5, 2017**

The motion made by Director Anderson and seconded by Director van Dyk to approve the December 5, 2017 minutes passed unanimously.

5. **CLOSED SESSION**

The meeting adjourned to Closed Session at 4:10 pm.

6. **ANNOUNCEMENT OF REPORTABLE ACTION(S) TAKEN IN CLOSED SESSION, IF ANY**

There were no reportable actions.

7. **OPERATION UPDATE**

Kathy White provided an Operation Update. She reported that the Bankruptcy Plan was confirmed on 12/21/2017. The second amended plan for adjustment of debts dated 7/1/2017 was confirmed by order of the court entered on 1/3/2018. The effective date of the plan occurs on the date the hospital is sold, which is anticipated to happen on 4/2/2018. Treatment of classes under the plan

include: COPs holders, the county, the successor pension, plan, CNA, general unsecured class, EDD, and Local 39. The update also included payments required by the plan, including Verizon, ATT, Crown Castle, Matrix, Xerox, and the committee counsel. Other issues related to the plan include continued collection of accounts from Medi-cal, Medicare cost reports, and Medicare appeals. Special legislation (Senate Bill 522) to change governance of the District and destruction of records, including patient records are also included in the plan.

Senate Bill 522 moved through the finance committee on 1/10/2018 and will go to the Senate Floor, Assembly next. Once passed, it will require signature by the Governor. The anticipated timeframe is to be passed in the fall with an effective date on 1/1/2019.

The 10 year financial forecast was provided. It included amounts for the debt repayment schedule as well as the re-financing of the 2004 COPS.

January 28, 2018 was the last day for patients to request their medical records. A notification letter was sent to CMS on 1/29/2018 and the records will be destroyed 2/5/2018. It was noted that all requests dated prior to 1/28 will be honored and requests received after 1/28 were not accepted, per the bankruptcy plan.

Next steps were outlined as closing on the refinance in late March, closing on the property sale in early April, developing and implementing a process to pay creditors, approve an investment policy to manage funds after the property sale, continue to monitor and support the movement of Senate Bill 522, and organize documents and history in preparation for the move to Contra Costa County.

PUBLIC COMMENTS

There were no public comments.

The Operation Update was for information only.

8. AUTHORIZATION TO CHANGE BANKING INSTITUTIONS

A proposal to make a change in banking institutions was presented by Vickie Scharr. The current bank is Citibank and the proposed new bank would be Chase. The new bank would save the District banking fees and provides a local contact.

PUBLIC COMMENTS

There were no public comments.

The motion made by Director Anderson and seconded by Director van Dyk to authorize the change in banking institutions and authorize signatures as presented passed unanimously.

Kathy White

Bobbie Ellerston

Vickie Scharr

Nancy Casazza

William van Dyk

9. WEST CONTRA COSTA HEALTHCARE DISTRICT AUDITED FINANCIAL STATEMENT, DECEMBER 31, 2016

Vicki Scharr presented the West Contra Costa Healthcare District Audited Financial Statement, December 31, 2016.

PUBLIC COMMENTS

There were no public comments.

The motion made by Director van Dyk and seconded by Director Anderson to accept the 2016 Audited Financial Statement passed unanimously.

10. WEST CONTRA COSTA HEALTHCARE DISTRICT AUDITED FINANCIAL STATEMENT, DECEMBER 31, 2017

Vicki Scharr presented the West Contra Costa Healthcare District Audited Financial Statement, December 31, 2017.

PUBLIC COMMENTS

There were no public comments.

The motion made by Director van Dyk and seconded by Director Anderson to accept the 2017 Audited Financial Statement passed unanimously.

11. WEST CONTRA COSTA HEALTHCARE DISTRICT SUCCESSOR RETIREMENT PLAN AUDITED FINANCIAL STATEMENTS, JUNE 30, 2017 AND 2016 (aka The Pension Plan)

Vicki Scharr presented the West Contra Costa Healthcare District Successor Retirement Plan Audited Financial Statement, December 31, 2016.

PUBLIC COMMENTS

There were no public comments.

The motion made by Director van Dyk and seconded by Director Anderson to accept the Successor Retirement Plan Audited Financial Statements, June 30, 2017 and 2016 passed unanimously.

12. INVESTMENT POLICY FOR WCCHD SUCCESSOR RETIREMENT PLAN

An Investment Policy Statement was provided for review and approval. The District will make investment decisions with the input of Lincoln advisors. The bankruptcy plan provides for funding through the lifetime of the plan and the District maintains D&O coverage.

PUBLIC COMMENTS

There were no public comments.

The motion made by Director Anderson and seconded by Director van Dyk to accept the Investment Policy for WCCHD Successor Retirement Plan passed unanimously.

13. RESOLUTION FOR REFINANCING 2004 COPS

A Resolution to refinance the 2004 COPS was presented. The re-financing would be at 3.5% interest rate and would result in a savings of \$225,000-\$325,000 in interest per year. It was noted that the 2011 COPS cannot be re-financed until 2023.

PUBLIC COMMENTS

There were no public comments.

The motion made by Director van Dyk and seconded by Director Anderson to approve the Resolution for Refinancing 2004 COPS passed unanimously:

Ayes: Director Casazza, Director van Dyk, Director Anderson

Noes: None

Abstain: None

Absent: Director Wallace, Director Campbell

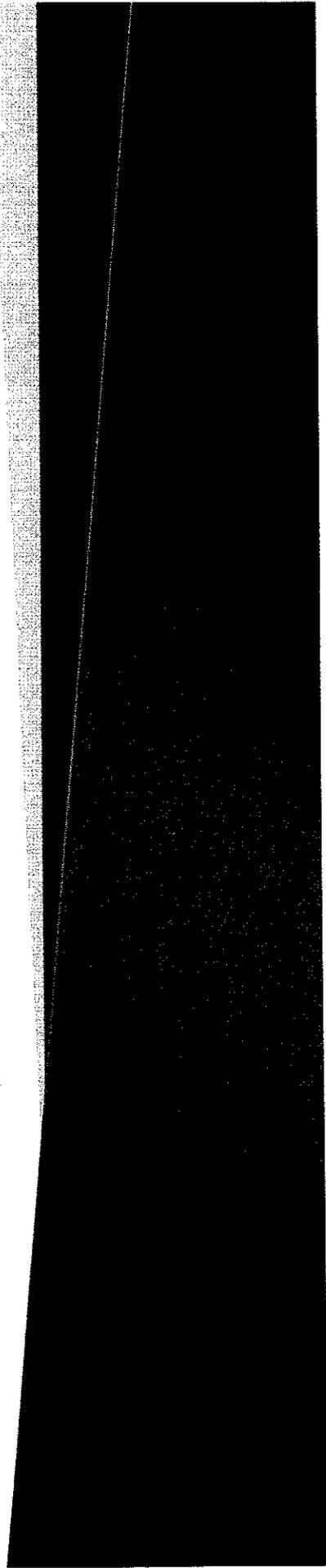
THE MEETING WAS ADJOURNED AT 5:00 P.M.

OPERATIONS UPDATE

AGENDA ITEM 7

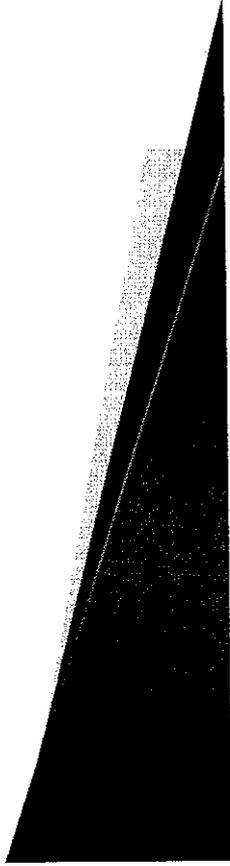
Operations Update WCCHD Board of Directors

March 28, 2018



Update

- ▶ Close on Sale of Property: April 2, 2018
- ▶ Close on Refinance: April 17, 2018
- ▶ Develop and implement process to pay creditors per BK Plan

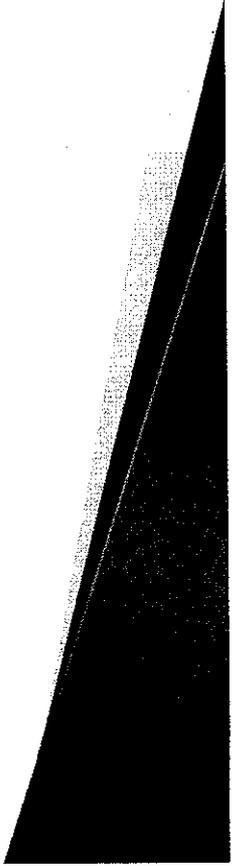


Payments Required by the Plan on the Effective Date

Verizon	\$ 300,000.00
ATT	\$ 332,000.00
Crown Castle	\$ 166,702.40
Matrix	\$ 22,292.03
Xerox	\$ 45,000.00
Committee Counsel	\$ 42,563.31
Total	\$ 908,557.74

Update

- ▶ Investment Account and Policy to manage funds post sale
- ▶ Continue to work Cost Report Appeals
- ▶ Monitor and support movement of Senate Bill 522 towards signing
- ▶ Organize documents, history in preparation for move to Contra Costa County
 - Team meeting with County late April/early May



**RESOLUTION AMENDING THE TRUST
AGREEMENT RELATING TO THE
DISTRICT'S 2004 COPS**

AGENDA ITEM 8

WCCHD FINANCING CORPORATION

RESOLUTION NO. 2018-03

RESOLUTION APPROVING THE FORM AND AUTHORIZING THE EXECUTION AND DELIVERY OF AN AMENDMENT TO THE TRUST AGREEMENT RELATING TO THE OUTSTANDING WEST CONTRA COSTA HEALTHCARE DISTRICT CERTIFICATES OF PARTICIPATION (2004 FINANCING PROGRAM), AND APPROVING CERTAIN OTHER ACTIONS

RESOLVED, by the Board of Directors (the "Board") of the WCCHD Financing Corporation (the "Corporation"), as follows:

WHEREAS, the West Contra Costa Healthcare District (the "District"), working together with the Corporation, has heretofore caused the execution and delivery of the \$26,000,000 West Contra Costa Healthcare District Certificates of Participation (2004 Financing Program) (the "Certificates") evidencing direct, undivided fractional interests of the owners thereof in installment payments to be made by the District as the purchase price for certain property pursuant to an installment sale agreement (the "Installment Sale Agreement") with the Corporation to finance certain working capital expenses of the District;

WHEREAS, the Certificates were executed and delivered pursuant to that certain Trust Agreement, dated as of July 1, 2004, by and among the District, the Corporation and U.S. bank National Association, as trustee;

WHEREAS, a reserve fund was not established for the Certificates when they were originally executed and delivered;

WHEREAS, in connection with the Chapter 9 bankruptcy filing by the District and pursuant to that Second Amended Plan for the Adjustment of Debts, dated July 21, 2017 (the "Plan of Adjustment"), the District is required to fund a reserve fund for the Certificates; and

WHEREAS, Section 9.01 of the Trust Agreement provides that the Trust Agreement and the rights and obligations of the owners of the Certificates and the Installment Sale Agreement and the rights and obligations of the parties thereto, may, with the consent of Ambac Assurance Corporation, the municipal bond insurer of the Certificates, be modified or amended at any time by a supplemental agreement, without the consent of any such owners, but only to the extent permitted by law and, among other things, to add to the covenants and agreements of the Corporation or the District or to add to the rights of the Trustee,

NOW, THEREFORE, it is hereby ORDERED and DETERMINED, as follows:

Section 1. A first amendment to trust agreement, by and among the District, the Corporation and the Trustee, as presented to this meeting (the "First Amendment to Trust

Agreement"), is hereby approved. The President, the Executive Director, or the designee thereof, is hereby authorized and directed, for and in the name of the Corporation, to execute and deliver the First Amendment to Trust Agreement in the form presented to this meeting, with such changes therein as the officer executing the same may approve, such approval to be conclusively evidenced by the execution and delivery of the First Amendment to Trust Agreement.

Section 2. This resolution shall take effect immediately upon its passage.

I, the undersigned Secretary of the Board of Directors of the WCCHD Financing Corporation, hereby certify that the foregoing is a full, true and correct copy of a resolution duly adopted by the Board at a meeting thereof on the 28th day of March, 2018, by the following vote of the members thereof:

AYES:

NOES:

ABSTAIN:

ABSENT:

Secretary

FIRST AMENDMENT TO TRUST AGREEMENT

Dated as of March 1, 2018

by and among the

WEST CONTRA COSTA HEALTHCARE DISTRICT,

the

WCCHD FINANCING CORPORATION

and

U.S. BANK NATIONAL ASSOCIATION, as Trustee

Amending that certain Trust Agreement dated as of July 1, 2004, by and among the West Contra Costa Healthcare District, the WCCHD Financing Corporation and U.S. Bank National Association, as Trustee

Relating to the
West Contra Costa Healthcare District
Certificates of Participation
(2004 Financing Program)

FIRST AMENDMENT TO TRUST AGREEMENT

THIS FIRST AMENDMENT TO TRUST AGREEMENT, dated as of March 1, 2018 (the "First Amendment"), is by and among the WEST CONTRA COSTA HEALTHCARE DISTRICT, a local healthcare district organized and existing under the laws of the State of California (the "District"), the WCCHD FINANCING CORPORATION, a nonprofit public benefit corporation organized and existing under the laws of the State of California (the "Corporation"), U.S. BANK NATIONAL ASSOCIATION, a national banking association organized and existing under the laws of the United States of America, as trustee (the "Trustee"), an Ambac Assurance Corporation, a Wisconsin domiciled stock insurance corporation ("Ambac"), solely for the purpose of consenting to this First Amendment, amending that certain Trust Agreement, dated as of July 1, 2004, by and among the District, the Corporation and the Trustee (the "Trust Agreement").

RECITALS

WHEREAS, the District, working together with the Corporation, has heretofore caused the execution and delivery of the \$26,000,000 West Contra Costa Healthcare District Certificates of Participation (2004 Financing Program) (the "Certificates") evidencing direct, undivided fractional interests of the owners thereof in installment payments to be made by the District as the purchase price for certain property pursuant to an installment sale agreement (the "Installment Sale Agreement") with the Corporation to finance certain working capital expenses of the District;

WHEREAS, the Certificates were executed and delivered pursuant to the Trust Agreement;

WHEREAS, Ambac has insured repayment of the Certificates;

WHEREAS, a reserve fund was not established for the Certificates when they were originally executed and delivered;

WHEREAS, in connection with the Chapter 9 bankruptcy filing by the District and pursuant to that Second Amended Plan for the Adjustment of Debts, dated July 21, 2017 (the "Plan of Adjustment"), which was confirmed by the bankruptcy court on January 3, 2018, the District is required to fund a reserve fund for the Certificates;

WHEREAS, Section 9.01 of the Trust Agreement provides that the Trust Agreement and the rights and obligations of the owners of the Certificates and the Installment Sale Agreement and the rights and obligations of the parties thereto, may, with the consent of Ambac, be modified or amended at any time by a supplemental agreement, without the consent of any such owners, but only to the extent permitted by law and, among other things, to add to the covenants and agreements of the Corporation or the District or to add to the rights of the Trustee,

WHEREAS, the execution and delivery of this First Amendment have been in all respects duly and validly authorized by resolutions duly adopted by the governing boards of the District and the Corporation; and

WHEREAS, the Trustee has the power and authority to enter into this First Amendment, and the District and the Corporation have requested and directed that the Trustee join in the execution hereof;

NOW, THEREFORE, in consideration of the above premises and of the mutual covenants hereinafter contained and for other good and valuable consideration, the parties hereto agree as follows:

SECTION 1. Amendments of the Trust Agreement.

(a) Exhibit A to the Trust Agreement is hereby amended by adding the following definitions:

"Effective Date" shall have the meaning ascribed thereto in the Plan of Adjustment.

"Plan of Adjustment" means the Second Amended Plan for the Adjustment of Debts, dated July 21, 2017, relating to the District's Chapter 9 bankruptcy filing, Docket Number 284 in case No. 16-42917, U.S.B.C., N.D. California.

"Reserve Fund" means the fund by that name established and held by the Trustee pursuant to Section 6.01-A of the Trust Agreement and Section 4.1.1 of the Plan of Adjustment.

"Reserve Requirement" means an amount equal to \$1,900,000.

(b) The Trust Agreement is hereby amended by adding a new Article VI-A thereto as follows:

ARTICLE VI-A

RESERVE FUND

Section 6.01-A. Establishment of Reserve Fund. The Trustee shall establish a special fund designated as the "Reserve Fund." All moneys, equal to the Reserve Requirement, at any time on deposit in the Reserve Fund shall be held by the Trustee in trust for the benefit of the Owners of the Certificates, and applied solely as provided herein.

Section 6.02-A. Deposits. As required by the Plan of Adjustment, the Trustee shall, on the Effective Date, transfer to the Reserve Fund, from moneys held by the Trustee, an amount equal to the Reserve Requirement. Amounts deposited in the Reserve Fund shall at all times be invested in a money market deposit account.

Section 6.03-A. Application in Event of Deficiency in the Installment Payment Fund. If, on any Interest Payment Date, the moneys available in the Installment Payment Fund do not equal the amount of the principal and interest with respect to the Certificates then coming due and payable, the Trustee shall apply the moneys available in the Reserve Fund to make delinquent amounts by transferring the amount necessary for this purpose to the Installment Payment Fund.

Section 6.04-A. Refunding of the Certificates. (a) In connection with a refunding of the Certificates, as described in the Plan of Adjustment, the District directs the Trustee, immediately prior to the refunding, to apply all amounts held in or credited to the Reserve Fund on the date of refunding, toward such refunding so that the amounts required by the refunding are net of amounts in the Reserve Fund.

(b) If the Certificates are not refunded in full within nine (9) months after the Effective Date, the District directs the Trustee, on July 1, 2019, to use all amounts held in or

credited to the Reserve Fund on July 1, 2019 to, redeem Certificates in the inverse order of maturity so that long-dated Certificates are redeemed first.

(c) In the event that the Reserve Fund is used for the purpose of refunding in full or partially redeeming the Certificates early, the District shall not be required to replenish the Reserve Fund to the Reserve Requirement. If amounts in the Reserve Fund are used to cure a payment default or pay the Trustee's fees and expenses, the District shall replenish the Reserve Fund to the Reserve Requirement within sixty (60) days after notice by the Trustee.

SECTION 2. This First Amendment shall become effective upon the execution and delivery of this First Amendment to Trust Agreement by the parties hereto, but only after the receipt of an opinion of Independent Counsel to the effect that the amendment complies with Section 9.01 of the Trust Agreement.

SECTION 3. Except as otherwise amended hereby, the Trust Agreement shall remain in full force and effect.

SECTION 4. This First Amendment may be executed in counterparts.

IN WITNESS WHEREOF, the parties hereto have caused this First Amendment to Trust Agreement to be duly executed by their officers duly authorized as of the date first above written.

WEST CONTRA COSTA HEALTHCARE
DISTRICT

By _____
Chief Executive Officer

ATTEST:

Secretary

WCCHD FINANCING CORPORATION

By _____
Executive Director

ATTEST:

Secretary

U.S. BANK NATIONAL ASSOCIATION, as
Trustee

By _____
Authorized Officer

CONSENT:
AMBAC ASSURANCE CORPORATION

By _____
Executive Director

**RESOLUTION AMENDING THE TRUST
AGREEMENT RELATING TO THE
DISTRICT'S 2011 COPS**

AGENDA ITEM 9

WCCHD FINANCING CORPORATION II

RESOLUTION NO. 2018-04

RESOLUTION APPROVING THE FORM AND AUTHORIZING THE EXECUTION AND DELIVERY OF AN AMENDMENT TO THE TRUST AGREEMENT RELATING TO THE OUTSTANDING WEST CONTRA COSTA HEALTHCARE DISTRICT CERTIFICATES OF PARTICIPATION (2011 FINANCING PROGRAM), AND APPROVING CERTAIN OTHER ACTIONS

RESOLVED, by the Board of Directors (the "Board") of the WCCHD Financing Corporation II (the "Corporation"), as follows:

WHEREAS, the West Contra Costa Healthcare District (the "District"), working together with the Corporation, has heretofore caused the execution and delivery of the \$40,000,000 West Contra Costa Healthcare District Certificates of Participation (2011 Financing Program) (the "Certificates") evidencing direct, undivided fractional interests of the owners thereof in installment payments to be made by the District as the purchase price for certain property pursuant to an installment sale agreement (the "Installment Sale Agreement") with the Corporation to finance certain working capital expenses of the District;

WHEREAS, the Certificates were executed and delivered pursuant to that certain Trust Agreement, dated as of December 1, 2011, by and among the District, the Corporation and U.S. bank National Association, as trustee;

WHEREAS, a reserve fund was not established for the Certificates when they were originally executed and delivered;

WHEREAS, in connection with the Chapter 9 bankruptcy filing by the District and pursuant to that Second Amended Plan for the Adjustment of Debts, dated July 21, 2017 (the "Plan of Adjustment"), the District is required to fund a reserve fund for the Certificates; and

WHEREAS, Section 9.01 of the Trust Agreement provides that the Trust Agreement and the rights and obligations of the owners of the Certificates and the Installment Sale Agreement and the rights and obligations of the parties thereto, may be modified or amended at any time by a supplemental agreement, without the consent of any such owners, but only to the extent permitted by law and, among other things, to add to the covenants and agreements of the Corporation or the District,

NOW, THEREFORE, it is hereby ORDERED and DETERMINED, as follows:

Section 1. A first amendment to trust agreement, by and among the District, the Corporation and the Trustee, as presented to this meeting (the "First Amendment to Trust Agreement"), is hereby approved. The President, the Executive Director, or the designee

thereof, is hereby authorized and directed, for and in the name of the Corporation, to execute and deliver the First Amendment to Trust Agreement in the form presented to this meeting, with such changes therein as the officer executing the same may approve, such approval to be conclusively evidenced by the execution and delivery of the First Amendment to Trust Agreement.

Section 2. This resolution shall take effect immediately upon its passage.

I, the undersigned Secretary of the Board of Directors of the WCCHD Financing Corporation II, hereby certify that the foregoing is a full, true and correct copy of a resolution duly adopted by the Board at a meeting thereof on the 28th day of March, 2018, by the following vote of the members thereof:

AYES:

NOES:

ABSTAIN:

ABSENT:

Secretary

FIRST AMENDMENT TO TRUST AGREEMENT

Dated as of March 1, 2018

by and among the

WEST CONTRA COSTA HEALTHCARE DISTRICT,

the

WCCHD FINANCING CORPORATION II

and

U.S. BANK NATIONAL ASSOCIATION, as Trustee

Amending that certain Trust Agreement dated as of December 1, 2011,
by and among the West Contra Costa Healthcare District, the WCCHD
Financing Corporation II and U.S. Bank National Association, as Trustee

Relating to the
West Contra Costa Healthcare District
Certificates of Participation
(2011 Financing Program)

FIRST AMENDMENT TO TRUST AGREEMENT

THIS FIRST AMENDMENT TO TRUST AGREEMENT, dated as of March 1, 2018 (the "First Amendment"), is by and among the WEST CONTRA COSTA HEALTHCARE DISTRICT, a local healthcare district organized and existing under the laws of the State of California (the "District"), the WCCHD FINANCING CORPORATION II, a nonprofit public benefit corporation organized and existing under the laws of the State of California (the "Corporation") and U.S. BANK NATIONAL ASSOCIATION, a national banking association organized and existing under the laws of the United States of America, as trustee (the "Trustee"), amending that certain Trust Agreement, dated as of December 1, 2011, by and among the District, the Corporation and the Trustee (the "Trust Agreement");

RECITALS

WHEREAS, the District, working together with the Corporation, has heretofore caused the execution and delivery of the \$40,000,000 West Contra Costa Healthcare District Certificates of Participation (2011 Financing Program) (the "Certificates") evidencing direct, undivided fractional interests of the owners thereof in installment payments to be made by the District as the purchase price for certain property pursuant to an installment sale agreement (the "Installment Sale Agreement") with the Corporation to finance certain working capital expenses of the District;

WHEREAS, the Certificates were executed and delivered pursuant to the Trust Agreement;

WHEREAS, a reserve fund was not established for the Certificates when they were originally executed and delivered;

WHEREAS, in connection with the Chapter 9 bankruptcy filing by the District and pursuant to that Second Amended Plan for the Adjustment of Debts, dated July 21, 2017 (the "Plan of Adjustment"), which was confirmed by the bankruptcy court on January 3, 2018, the District is required to fund a reserve fund for the Certificates;

WHEREAS, Section 9.01 of the Trust Agreement provides that the Trust Agreement and the rights and obligations of the owners of the Certificates and the Installment Sale Agreement and the rights and obligations of the parties thereto, may be modified or amended at any time by a supplemental agreement, without the consent of any such owners, but only to the extent permitted by law and, among other things, to add to the covenants and agreements of the Corporation or the District or to add to the rights of the Trustee,

WHEREAS, the execution and delivery of this First Amendment have been in all respects duly and validly authorized by resolutions duly adopted by the governing boards of the District and the Corporation; and

WHEREAS, the Trustee has the power and authority to enter into this First Amendment, and the District and the Corporation have requested and directed that the Trustee join in the execution hereof;

NOW, THEREFORE, in consideration of the above premises and of the mutual covenants hereinafter contained and for other good and valuable consideration, the parties hereto agree as follows:

SECTION 1. Amendments of the Trust Agreement.

(a) Exhibit A to the Trust Agreement is hereby amended by adding the following definitions:

"Effective Date" shall have the meaning ascribed thereto in the Plan of Adjustment.

"Plan of Adjustment" means the Second Amended Plan for the Adjustment of Debts, dated July 21, 2017, relating to the District's Chapter 9 bankruptcy filing, Docket Number 284 in case No. 16-42917, U.S.B.C., N.D. California.

"Reserve Fund" means the fund by that name established and held by the Trustee pursuant to Section 6.01-A of the Trust Agreement and Section 4.1.2 of the Plan of Adjustment.

"Reserve Requirement" means an amount equal to \$2,500,000.

(b) The Trust Agreement is hereby amended by adding a new Article VI-A thereto as follows:

ARTICLE VI-A

RESERVE FUND

Section 6.01-A. Establishment of Reserve Fund. The Trustee shall establish a special fund designated as the "Reserve Fund." All moneys, equal to the Reserve Requirement, at any time on deposit in the Reserve Fund shall be held by the Trustee in trust for the benefit of the Owners of the Certificates, and applied solely as provided herein.

Section 6.02-A. Deposits. As required by the Plan of Adjustment, the Trustee shall, on the Effective Date, transfer to the Reserve Fund, from moneys held by the Trustee, an amount equal to the Reserve Requirement. Amounts deposited in the Reserve Fund shall at all times be invested in a money market deposit account.

Section 6.03-A. Application in Event of Deficiency in the Installment Payment Fund. If, on any Interest Payment Date, the moneys available in the Installment Payment Fund do not equal the amount of the principal and interest with respect to the Certificates then coming due and payable, the Trustee shall apply the moneys available in the Reserve Fund to make delinquent amounts by transferring the amount necessary for this purpose to the Installment Payment Fund.

Section 6.04-A. Refunding of the Certificates. (a) In connection with a refunding of the Certificates, as described in the Plan of Adjustment, the District directs the Trustee, immediately prior to the refunding, to apply all amounts held in or credited to the Reserve Fund on the date of refunding, toward such refunding so that the amounts required by the refunding are net of amounts in the Reserve Fund.

(b) If the Certificates are not refunded in full on July 1, 2021, the District directs the Trustee, on July 1, 2021, to use all amounts held in or credited to the Reserve Fund on July 1, 2021 to, redeem Certificates in the inverse order of maturity so that long-dated Certificates are redeemed first.

(c) In the event that the Reserve Fund is used for the purpose of refunding in full or partially redeeming the Certificates early, the District shall not be required to replenish the

Reserve Fund to the Reserve Requirement. If amounts in the Reserve Fund are used to cure a payment default or pay the Trustee's fees and expenses, the District shall replenish the Reserve Fund to the Reserve Requirement within sixty (60) days after notice by the Trustee.

SECTION 2. This First Amendment shall become effective upon the execution and delivery of this First Amendment to Trust Agreement by the parties hereto, but only after the receipt of opinion of Independent Counsel to the effect that the amendment complies with Section 9.01 of the Trust Agreement.

SECTION 3. Except as otherwise amended hereby, the Trust Agreement shall remain in full force and effect.

SECTION 4. This First Amendment may be executed in counterparts.

IN WITNESS WHEREOF, the parties hereto have caused this First Amendment to Trust Agreement to be duly executed by their officers duly authorized as of the date first above written.

WEST CONTRA COSTA HEALTHCARE
DISTRICT

By _____
Chief Executive Officer

ATTEST:

Secretary

WCCHD FINANCING CORPORATION II

By _____
Executive Director

ATTEST:

Secretary

U.S. BANK NATIONAL ASSOCIATION, as
Trustee

By _____
Authorized Officer

**RESOLUTION FOR REFINANCING OF 2004
COPS**

AGENDA ITEM 10

WEST CONTRA COSTA HEALTHCARE DISTRICT

RESOLUTION NO. 2018-02

RESOLUTION APPROVING THE FORM AND AUTHORIZING THE EXECUTION AND DELIVERY OF AN INDENTURE, A LETTER AGREEMENT FOR PURCHASE AND RATE LOCK AND AN ESCROW AGREEMENT IN CONNECTION WITH THE ISSUANCE, SALE AND DELIVERY OF REVENUE BONDS TO REFUND THE OUTSTANDING WEST CONTRA COSTA HEALTHCARE DISTRICT CERTIFICATES OF PARTICIPATION (2004 FINANCING PROGRAM), AND APPROVING CERTAIN OTHER ACTIONS

RESOLVED, by the Board of Directors (the "Board") of the West Contra Costa Healthcare District (the "District"), as follows:

WHEREAS, the District has heretofore caused the execution and delivery of its West Contra Costa Healthcare District Certificates of Participation (2004 Financing Program) (the "2004 COPs"), of which \$16,370,000 is currently outstanding;

WHEREAS, the District has determined that, pursuant to that certain Second Amended Plan for the Adjustments of Debts, dated, July 21, 2017, in connection with the District's Chapter 9 bankruptcy filing, as a result of favorable financial market conditions and for other reasons, it is in the best interests of the District at this time to provide for the refunding, on a current basis, of the 2004 COPs;

WHEREAS, in furtherance thereof, the District has determined to issue its West Contra Costa Healthcare District Refunding Revenue Bonds, Series 2018 (the "Bonds"), pursuant to the provisions of section 53570 *et seq.* of the California Government Code; and

WHEREAS, the District's obligation to pay the principal of and interest on the Bonds will be secured by a first and prior lien on the revenues derived by the District from an annual special parcel tax on each taxable parcel of real property within the District (exclusive of parcels for which exemptions have been granted, approved by approximately 84% of the voters of the District at a special election held on June 8, 2004), on a parity with the District's payment obligations under an installment sale agreement executed in 2011 which support outstanding certificates of participation; and

WHEREAS, the District has determined to authorize the officers of the District to take all necessary action to accomplish the issuance, sale and delivery of the Bonds;

NOW, THEREFORE, it is hereby ORDERED and DETERMINED, as follows:

Section 1. The Board hereby approves the refunding, on a current basis, of the 2004 COPs by the issuance of the Bonds, without limitation as to principal amount, subject to a minimum annual savings of at least \$100,000.

Section 2. The form of indenture between the District and U.S. Bank National Association, as trustee (the "Trustee"), as presented to this meeting (the "Indenture"), is hereby approved. The Board Chair, the Chief Executive Officer, the Chief Operating Officer, or the designee thereof, is hereby authorized and directed, for and in the name of the District, to execute and deliver the Indenture in substantially the form presented to this meeting, with such changes therein as the officer executing the same may approve, such approval to be conclusively evidenced by the execution and delivery of the Indenture. The date, maturity date, interest rate, interest payment dates, denominations, forms, registration privileges, place or places of payment, terms of redemption and other terms of the Bonds shall be as provided in the Indenture, as finally executed.

Section 3. The form of escrow agreement between the District and U.S. Bank National Association, as escrow bank (the "Escrow Bank"), with respect to the refunding of the 2004 COPs (the "Escrow Agreement"), as presented to this meeting, is hereby approved. The Board Chair, the Chief Executive Officer, the Chief Operating Officer, or the designee thereof, is hereby authorized and directed, for and in the name of the District, to execute and deliver a Escrow Agreement in substantially the form presented to this meeting, with such changes therein as the officer executing the same may approve, such approval to be conclusively evidenced by the execution and delivery of the Escrow Agreement.

Section 4. The form of letter agreement for purchase and rate lock between the District and Pacific Western Bank, as purchaser, as presented to this meeting (the "Letter Agreement"), is hereby approved. The Board Chair, the Chief Executive Officer, the Chief Operating Officer, or the designee thereof, is hereby authorized and directed for and in the name of the District, to execute and deliver a Letter Agreement in substantially the form presented to this meeting, with such changes therein as the officer executing the same may approve, such approval to be conclusively evidenced by the execution and delivery of the Letter Agreement.

Section 5. The Board Chair, the Chief Executive Officer, the Chief Operating Officer, or the designee thereof, is hereby authorized and directed, for and in the name of the District, to execute and deliver any other documents as may be deemed necessary or appropriate to implement the refinancing or to issue the Bonds, such approval to be conclusively evidenced by the execution and delivery of such documents.

Section 6. The Bonds shall be executed by the manual or facsimile signature of the Board Chair, the Chief Executive Officer or the Chief Operating Officer, or the designee thereof, and attested by the manual or facsimile signature of the Secretary of the Board of Directors of the District, or the designee thereof, in the form set forth in and otherwise in accordance with said indenture.

Section 7. The Board Chair, the Chief Executive Officer or the Chief Operating Officer, are hereby authorized and directed, for and on behalf of the District, to approve any changes to

the foregoing documents, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 8. The Bonds, when so executed, shall be delivered to the Trustee for authentication by the Trustee. The Trustee is hereby requested and directed to authenticate the Bonds by executing the Trustee's Certificate of Authentication appearing thereon, and to deliver the Bonds, when duly executed and authenticated, to the purchaser thereof in accordance with written instructions of the District. Said instructions shall provide for the delivery of the Bonds to the purchaser thereof upon payment of the purchase price thereof.

Section 9. The Secretary of the Board of Directors of the District, or the designee thereof, is hereby authorized and directed to attest the signature of the Board Chair, the Chief Executive Officer or the Chief Operating Officer, as may be required in connection with the execution and delivery of the Indenture, the Letter Agreement, the Escrow Agreement and the Bonds in accordance with this Resolution.

Section 10. The Board Chair, the Chief Executive Officer or the Chief Operating Officer, or the designee thereof, and other authorized officers of the District are each hereby authorized and directed to do the following with respect to the issuance of the Bonds:

a. Take any and all actions and execute, acknowledge, deliver and file any and all agreements, instruments or other documents of any kind required of the District; and

b. Act as an agent to the District for the purposes of issuing the Bonds and any additional negotiations, authorizations, approval, executions, consents, notices, deliveries or other acts required to issue such Bonds.

Section 11. All actions taken by the Board Chair, the Chief Executive Officer or the Chief Operating Officer, or the designee thereof, and other officers or directors of the District which have been undertaken to date or which will be undertaken with respect to the planning, negotiation, authorization, approval and implementation of the financing plan are hereby ratified, confirmed and approved in all respects.

Section 12. This resolution shall take effect immediately upon its passage.

I, the undersigned Secretary of the Board of Directors of the West Contra Costa Healthcare District, hereby certify that the foregoing is a full, true and correct copy of a resolution duly adopted by the Board at a meeting thereof on the 28th day of March, 2018, by the following vote of the members thereof:

AYES:

NOES:

ABSTAIN:

ABSENT:

Secretary

INDENTURE OF TRUST

Dated as of April 1, 2018

by and between the

WEST CONTRA COSTA HEALTHCARE DISTRICT

and

U.S. BANK NATIONAL ASSOCIATION, as Trustee

Relating to
\$ _____
West Contra Costa Healthcare District
(Contra Costa County, California)
Refunding Revenue Bonds, Series 2018

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EXHIBIT A: FORM OF BONDS
EXHIBIT B: FORM OF PURCHASER'S LETTER

INDENTURE OF TRUST

This INDENTURE OF TRUST (this "Indenture"), made and entered into and dated as of April 1, 2018, by and between WEST CONTRA COSTA HEALTHCARE DISTRICT, a local health care District of the State of California (the "District"), and U.S. BANK NATIONAL ASSOCIATION, a national banking association organized and existing under the laws of the United States of America and qualified to accept and administer the trusts hereby created (the "Trustee").

WITNESSETH:

WHEREAS, the District has heretofore caused the execution and delivery of its West Contra Costa Healthcare District Certificates of Participation (2004 Financing Program) (the "2004 COPs"), of which \$16,370,000 is currently outstanding;

WHEREAS, the District has determined that, pursuant to that certain Second Amended Plan for the Adjustment of Debts, dated July 21, 2017, in connection with the District's Chapter 9 bankruptcy filing, as a result of favorable financial market conditions and for other reasons, it is in the best interests of the District at this time to provide for the refunding of the 2004 COPs;

WHEREAS, the District has determined to issue its West Contra Costa Healthcare District Refunding Revenue Bonds, Series 2018 (the "Bonds"), in the aggregate principal amount of _____ dollars (\$_____) to (a) refund the 2004 COPs, and (b) pay the costs of issuance of the Bonds;

WHEREAS, the Bonds are being issued pursuant to the provisions of section 53580 *et seq.* of the California Government Code;

WHEREAS, the District's obligation to pay the principal of and interest on the Bonds will be secured by a first and prior lien on the revenues derived by the District from an annual special parcel tax on each taxable parcel of real property within the District (exclusive of parcels for which exemptions have been granted), approved by approximately 84% of the voters of the District at a special election held on June 8, 2004 (the "Parcel Tax Revenues"), on a parity with the District's payment obligations under an installment sale agreement executed in 2011 (the "2011 Installment Sale Agreement") which support the outstanding West Contra Costa Healthcare District Certificates of Participation (2011 Financing Program);

WHEREAS, in order to provide for the authentication and delivery of the Bonds, to establish and declare the terms and conditions upon which the Bonds are to be issued and secured and to secure the payment of the principal or sinking fund installments thereof and premium (if any) and interest thereon, the District has authorized the execution and delivery of this Indenture; and

WHEREAS, the District has determined that all acts and proceedings required by law or necessary to make the Bonds, when executed by the District, authenticated and delivered by the Trustee and duly issued, the valid, binding and legal limited obligations of the District, and to constitute this Indenture a valid and binding agreement for the uses and purposes herein set forth in accordance with its terms, have been done and taken, and the execution and delivery of this Indenture have been in all respects duly authorized;

NOW, THEREFORE, THIS INDENTURE WITNESSETH, that in order to secure the payment of the principal or sinking fund installments of, and the interest and premium, if any,

on, all Bonds at any time issued and outstanding under this Indenture, according to their tenor, and to secure the performance and observance of all the covenants and conditions therein and herein set forth, and to declare the terms and conditions upon and subject to which the Bonds are to be issued and received, and in consideration of the premises and of the mutual covenants herein contained and of the purchase and acceptance of the Bonds by the owners thereof, and for other valuable consideration, the receipt whereof is hereby acknowledged, the District does hereby covenant and agree with the Trustee for the benefit of the respective owners from time to time of the Bonds, as follows:

ARTICLE I

DEFINITIONS; CONTENT OF CERTIFICATES AND OPINIONS

Section 1.01. Definitions. Unless the context otherwise requires, the terms defined in this Section 1.01 shall, for all purposes of this Indenture and of any Supplemental Indenture and of any certificate, opinion or other document herein mentioned, have the meanings herein specified, to be equally applicable to both the singular and plural forms of any of the terms herein defined. Unless otherwise defined in this Indenture, all terms used herein shall have the meanings assigned to such terms in the Law.

"Authorized Representative" means, with respect to the District, the Chair, the Chief Executive Officer, the Chief Financial Officer, the Chief Operating Officer or any other person designated as an Authorized Representative of the District by a Certificate of the District signed by the Chair, the Chief Executive Officer, the Chief Financial Officer or the Secretary-Treasurer and filed with the Trustee.

"Board" means the Board of Directors of the District.

"Bonds" means the West Contra Costa Healthcare District (Contra Costa County, California) Refunding Revenue Bonds, Series 2018, issued under this Indenture.

"Business Day" means any day other than a Saturday, Sunday, or a day on which banking institutions in the State or in the City of Los Angeles, California, or the City of San Francisco, California, are authorized or obligated by law or executive order to be closed.

"Certificate," "Statement," "Request," "Requisition" and "Order" of the District mean, respectively, a written certificate, statement, request, requisition or order signed in the name of the District by an Authorized Representative of the District. Any such instrument and supporting opinions or representations, if any, may, but need not, be combined in a single instrument with any other instrument, opinion or representation, and the two or more so combined shall be read and construed as a single instrument. If and to the extent required by Section 1.02 of this Indenture, each such instrument shall include the statements provided for in Section 1.02 of this Indenture.

"Closing Date" means April 17, 2018, the date on which the Bonds are delivered by the District to the Original Purchaser.

"Code" means the Internal Revenue Code of 1986 as in effect on the date of issuance of the Bonds or (except as otherwise referenced in this Indenture) as it may be amended to apply to obligations issued on the date of issuance of the Bonds, together with applicable proposed, temporary and final regulations promulgated, and applicable official public guidance published, under the Code.

"Costs of Issuance" means all items of expense directly or indirectly payable by or reimbursable to the District and related to the authorization, execution, sale and delivery of the Bonds, including but not limited to filing fees, initial fees and charges of the Trustee, legal fees, including fees of counsel to the Original Purchaser, financial and municipal advisory fees and charges, the fee payable to the California Debt and Investment Advisory Commission and any other cost, charge or fee in connection with the original delivery of Bonds.

"Costs of Issuance Fund" means the fund so designated and established pursuant to Section 3.03 of this Indenture.

"County" means Contra Costa County, California.

"Date of Taxability" means the date from and for which interest on the Bonds is subject to federal or State income taxation as a result of a Determination of Taxability.

"Debt Service Fund" means the fund by that name established pursuant to Section 5.02(b) of this Indenture.

"Default Rate" means the then prevailing interest rate plus 4.00% with a floor of 8.00%.

"Defeasance Obligations" means: (a) direct obligations of the United States of America (including obligations issued or held in book-entry form on the books of the Department of the Treasury of the United States of America); (b) certificates which evidence ownership of the right to the payment of the principal of and interest on obligations described in clause (a), provided that such obligations are held in the custody of a bank or trust company in a special account separate from the general assets of such custodian; (c) the interest component of securities issued by the Resolution Funding Corporation which have been stripped by the Federal Reserve Bank of New York in book-entry form; (d) obligations, the interest on which is excluded from gross income for federal or State income tax purposes pursuant to section 103 of the Code and the timely payment of principal of and interest on which is fully provided for by the irrevocable deposit in trust or escrow of cash or obligations described in clause (a) of this definition, and which are rated by S&P and by Moody's in their highest rating categories and the trust or escrow instructions for which cannot be amended to provide for redemption of such obligations prior to the date set forth in the trust or escrow agreement governing such deposit; and (e) obligations issued by agencies of the United States of America which are backed by the full faith and credit of the United States of America.

"Determination of Taxability" means any determination, decision, or decree made by the Commissioner or any District Director of the Internal Revenue Service, or by any court of competent jurisdiction, that as a result of any actions or omissions or the District with respect to the Bonds, the interest payable on the Bonds is includable in the gross income for federal or State income tax purposes of the Owner, *provided, however*, that no such Determination of Taxability shall be deemed to have occurred if the District is contesting such determination in good faith and is diligently proceeding to prosecute such contest until the earliest of (a) a final determination from which no appeal may be taken with respect to such determination, or (b) abandonment of such appeal by the District.

"District" means West Contra Costa Healthcare District, a local health care district duly organized and existing under the laws of the State.

"Escrow Agreement" means that certain Escrow Agreement, dated the Closing Date, by and between the District and the Escrow Bank, as originally entered into or as it may be amended or supplemented pursuant to the provisions thereof, created to provide for the payment and redemption of the 2004 COPs.

"Escrow Bank" means U.S. Bank National Association, as escrow agent under the Escrow Agreement, or any successor thereto appointed as escrow agent thereunder in accordance with the provisions thereof.

"Escrow Fund" means the escrow fund created and maintained by the Escrow Bank pursuant to the Escrow Agreement.

"Event of Default" means any of the events specified in Section 9.01 of this Indenture.

"Fair Market Value" means the price at which a willing buyer would purchase the investment from a willing seller in a bona fide, arm's length transaction (determined as of the date the contract to purchase or sell the investment becomes binding) if the investment is traded on an established securities market (within the meaning of section 1273 of the Code) and, otherwise, the term *"Fair Market Value"* means the acquisition price in a bona fide arm's length transaction (as referenced above) if (i) the investment is a certificate of deposit that is acquired in accordance with applicable regulations under the Code, (ii) the investment is an agreement with specifically negotiated withdrawal or reinvestment provisions and a specifically negotiated interest rate (for example, a guaranteed investment contract, a forward supply contract or other investment agreement) that is acquired in accordance with applicable regulations under the Code, (iii) the investment is a United States Treasury Security—State and Local Government Series that is acquired in accordance with applicable regulations of the United States Bureau of Public Debt, or (iv) any commingled investment fund in which the District and related parties do not own more than a ten percent (10%) beneficial interest therein if the return paid by the fund is without regard to the source of the investment.

"Federal Securities" means (a) cash (insured at all times by the Federal Deposit Insurance Corporation), and (b) obligations of, or obligations guaranteed as to principal and interest by, the United States or any agency or instrumentality thereof, when such obligations are backed by the full faith and credit of the United States including: (i) United States treasury obligations, (ii) all direct or fully guaranteed obligations, (iii) Farmers Home Administration, (iv) General Services Administration, (v) Guaranteed Title XI financing, (vi) Government National Mortgage Association (GNMA), and (vi) State and Local Government Series.

"Fiscal Year" means the period beginning on January 1 of each year and ending on December 31 of such year, or any other twelve-month period hereafter selected and designated as the official fiscal year period of the District.

"Indenture" means this Indenture, as originally executed or as it may from time to time be supplemented, modified or amended by any Supplemental Indenture.

"Interest Payment Date" means January 1 and July 1 in each year, commencing July 1, 2018.

"Law" means the provisions of Article 11 (commencing with section 53580) of the California Government Code, as now in effect and as it may from time to time hereafter be amended or supplemented.

"Lien Statute" means section 5451.5 of the California Government Code.

"Mandatory Sinking Account Payment" means, with respect to Bonds, the amount required by this Indenture to be paid by the District on any single date for the retirement of the Bonds.

"Moody's" means Moody's Investors Service, its successors and their assigns.

"New Business Rate" means the then prevailing interest rate plus 0.225%.

"Opinion of Counsel" means a written opinion of counsel (who may be counsel for the District) selected by the District. If and to the extent required by the provisions of Section 1.02 of this Indenture, each Opinion of Counsel shall include the statements provided for in Section 1.02 of this Indenture.

"Original Purchaser" means Pacific Western Bank, first purchaser of the Bonds upon their authentication and delivery by the Trustee on the Closing Date, and its successors and assigns.

"Outstanding," when used as of any particular time with reference to Bonds, means (subject to the provisions of Section 13.09 of this Indenture) all Bonds theretofore, or thereupon being, authenticated and delivered by the Trustee under this Indenture except (a) Bonds theretofore canceled by the Trustee or surrendered to the Trustee for cancellation; (b) Bonds with respect to which all liability of the District shall have been discharged in accordance with Section 12.02 of this Indenture, including Bonds (or portions of Bonds) referred to in Section 13.10 of this Indenture; and (c) Bonds for the transfer or exchange of or in lieu of or in substitution for which other Bonds shall have been authenticated and delivered by the Trustee pursuant to this Indenture.

"Owner," whenever used in this Indenture with respect to the Bonds, means the person in whose name such Bond is registered in the registration books of the Trustee. Initially, the Owner is the Original Purchaser.

"Parcel Tax" means the annual special parcel tax on each taxable parcel of real property within the District (exclusive of parcels for which exemptions have been granted), approved by approximately 84% of the voters of the District at a special election held on June 8, 2004.

"Parcel Tax Revenues" means the amounts collected by the County on behalf of the District derived from the Parcel Tax.

"Parity Debt" means indebtedness or other obligations (including leases and installment sale agreements) hereafter issued or incurred and secured by a pledge of and lien on Parcel Tax Revenues equally and ratably with the Bonds. Parity Debt specifically includes the 2011 Installment Sale Agreement.

"Permitted Investments" means any of the following, but only to the extent that the same are acquired at Fair Market Value, provided that the Trustee is entitled to conclusively rely upon any investment direction received by it under this Indenture as a certification that such investment constitutes a Permitted Investment under this Indenture:

(a) Federal Securities.

(b) Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following federal agencies and provided such obligations are backed by the full faith and credit of the United States of America (stripped securities are only permitted if they have been stripped by the agency itself):

1. U.S. Export-Import Bank (Eximbank)
Direct obligations or fully guaranteed certificates of beneficial ownership
2. U.S. Farmers Home Administration (FmHA)
Certificates of Beneficial Ownership
3. Federal Financing Bank

4. Federal Housing Administration Debentures (FHA)
5. General Services Administration
Participation Certificates
6. Government National Mortgage Association (GNMA or Ginnie Mae)
GNMA—guaranteed mortgage-backed bonds
GNMA—guaranteed pass-through obligations
7. U.S. Maritime Administration
Guaranteed Title XI financing
8. U.S. Department of Housing and Urban Development (HUD)
Project Notes
Local Authority Bonds
New Communities Debentures - U.S. government guaranteed debentures
U.S. Public Housing Notes and Bonds - U.S. government guaranteed public housing notes and bonds

(c) Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following federal agencies which are not backed by the full faith and credit of the United States of America (stripped securities are only permitted if they have been stripped by the agency itself):

1. Federal Home Loan Bank System
Senior debt obligations
2. Federal Home Loan Mortgage Corporation (FHLMC or Freddie Mac)
Participation Certificate
Senior debt obligations
3. Federal National Mortgage Association (FNMA or Fannie Mae)
Mortgage-backed securities and senior debt obligations
4. Student Loan Marketing Association (SLMA or Sallie Mae)
Senior debt obligations
5. Resolution Funding Corp. (REFCORP) obligations
6. Farm Credit System
Consolidated system wide bonds and notes

(d) Money market funds registered under the Federal Investment Company Act of 1940, whose shares are registered under the Federal Securities Act of 1933, which invest solely in Federal Securities, if rated by S&P, having a rating of AA-Am-G; and if rated by Moody's having a rating of Aaa, including such funds for which the Trustee, its affiliates or subsidiaries provide investment advisory or other management services or for which the Trustee or an affiliate of the Trustee serves as investment administrator, shareholder servicing agent, and/or custodian or subcustodian, notwithstanding that (i) the Trustee or an affiliate of the Trustee receives and collects a fee for services provided to the fund, whether as a custodian, transfer agent, investment advisor or otherwise, (ii) the Trustee collects fees for services rendered pursuant to this Indenture, which fees are separate from the fees received from such funds, and (iii) services

performed for such funds and pursuant to this Indenture may at times duplicate those provided to such funds by the Trustee or an affiliate of the Trustee.

(e) Certificates of deposit or deposit accounts secured at all times by collateral described in (a) and/or (b) above. Such certificates must be issued by commercial banks or savings and loan associations (including the Trustee or its affiliates). The collateral must be held by a third party and the bondholders must have a perfected first security interest in the collateral.

(f) Certificates of deposit, savings accounts, deposit accounts or money market deposits which are fully insured by FDIC including those of the Trustee or its affiliates.

(g) Commercial paper rated, at the time of purchase, "Prime-1" by Moody's and "A-1" or better by S&P.

(h) Deposit accounts, Federal funds or bankers acceptances with a maximum term of 180 days of any bank which has an unsecured, uninsured and unguaranteed obligation rating of "Prime-1" or better by Moody's and "A-1" or better by S&P.

(i) the Local Agency Investment Fund of the State, created pursuant to 16429.1 of the California Government Code.

"Principal Corporate Trust Office" or "principal corporate trust office" means the office of the Trustee at One California Street, Suite 1000, San Francisco, CA 94111, or such other or additional offices as may be specified to the District by the Trustee except that with respect to presentation of Bonds for payment or for registration of transfer and exchange of Bonds such term shall mean the office or agency of the Trustee at which, at any particular time, its corporate trust agency or operations business shall be conducted, initially in St. Paul, Minnesota.

"Record Date" means the fifteenth (15th) calendar day of the month (even if such day is a holiday or not a Business Day) next preceding each Interest Payment Date.

"S&P" means S&P Global Ratings Services, a Standard & Poor's Financial Services LLC business, its successors and assigns.

"Serial Bonds" means the Bonds, falling due by their terms in specified years, for which no Mandatory Sinking Account Payments are provided.

"Special Record Date" means the date established by the Trustee pursuant to Section 2.02 of this Indenture as the record date for the payment of defaulted interest on the Bonds.

"State" means the State of California.

"Subordinate Debt" means indebtedness or other obligations (including leases and installment sale agreements) hereafter issued or incurred and secured by a pledge of and lien on Parcel Tax Revenues which by its terms is subordinate to the payment of the principal or sinking fund installments of and interest on the Bonds and any Parity Debt and subordinate to the security and right to payment of the principal or sinking fund installments of and interest on the Bonds and any Parity Debt in the event of default or default under such Subordinate Debt.

"Supplemental Indenture" means any indenture hereafter duly authorized and entered into between the District and the Trustee supplementing, modifying or amending this

Indenture, but only if and to the extent that such Supplemental Indenture is specifically authorized under this Indenture.

"Taxable Rate" means the then prevailing interest rate plus ____%.

"Term Bonds" means the Bonds payable at or before their specified maturity date or dates from Mandatory Sinking Account Payments established for that purpose and calculated to retire such Bonds on or before their specified maturity date.

"Trustee" means U.S. Bank National Association, a national banking association organized and existing under the laws of the United States of America, or its successor, as Trustee as provided in Section 10.01 of this Indenture.

"2004 COPs" means the West Contra Costa Healthcare District Certificates of Participation (2004 Financing Program), of which \$16,370,000 is currently outstanding.

"2011 COPs" means West Contra Costa Healthcare District Certificates of Participation (2011 Financing Program).

"2011 Installment Sale Agreement" means the Installment Sale Agreement, dated as of December 1, 2011, by and between the WCCHD Financing Corporation II and the District, payable from Parcel Tax Revenues, securing the 2011 COPs.

Section 1.02. Content of Certificates and Opinions. Every certificate or opinion provided for in this Indenture with respect to compliance with any provision of this Indenture shall include (a) a statement that the person making or giving such certificate or opinion has read such provision and the definitions in this Indenture relating thereto; (b) a brief statement as to the nature and scope of the examination or investigation upon which the certificate or opinion is based; (c) a statement that, in the opinion of such person, he or she has made or caused to be made such examination or investigation as is necessary to enable him or her to express an informed opinion with respect to the subject matter referred to in the instrument to which his or her signature is affixed; and (d) a statement as to whether, in the opinion of such person, such provision has been complied with.

Any such certificate or opinion made or given by an officer of the District may be based, insofar as it relates to legal, accounting or health facility matters, upon a certificate or opinion of or representation by counsel, unless such officer knows, or in the exercise of reasonable care should have known, that the certificate, opinion or representation with respect to the matters upon which such certificate or statement may be based, as aforesaid, is erroneous. Any such certificate or opinion made or given by counsel may be based, insofar as it relates to factual matters (with respect to which information is in the possession of the District) upon a certificate or opinion of or representation by an officer of the District, unless such counsel knows, or in the exercise of reasonable care should have known, that the certificate or opinion or representation with respect to the matters upon which such person's certificate or opinion or representation may be based, as aforesaid, is erroneous. The same officer of the District, or the same counsel, as the case may be, need not certify to all of the matters required to be certified under any provision of this Indenture, but different officers or counsel may certify to different matters, respectively.

ARTICLE II
THE BONDS

Section 2.01. Authorization of Bonds. The Bonds are hereby authorized to be issued by the District under and subject to the terms of the Law and this Indenture. This Indenture constitutes a continuing agreement with the Owner issued under this Indenture and then Outstanding to secure the full and final payment of principal of and the interest on all Bonds which may from time to time be executed and delivered under this Indenture, subject to the covenants, agreements, provisions and conditions herein contained. The Bonds shall be designated the "West Contra Costa Healthcare District Refunding Revenue Bonds, Series 2018."

Section 2.02. Terms of the Bonds. The Bonds shall be issued as one fully registered bond, registered initially in the name of the Original Purchaser, in the principal amount of _____ dollars (\$ _____), shall bear interest at the rate of 3.625% per annum; *provided, however,* that so long as an Event of Default shall have occurred and is continuing, the interest rate may, at the option of the Owner, be increased to the Default Rate, as provided in a written notice of the Owner to the Trustee and the District; *provided further, however,* from and after the Date of Taxability following a Determination of Taxability, the interest rate may, at the option of the Owner, be increased to the Taxable Rate, as provided in a written notice of the Owner to the Trustee and the District, and *provided further, however,* that subject to the provisions of Section 5.09, the interest rate may, at the option of the Owner, be increased to the New Business Rate, as provided in a written notice of the Owner to the Trustee and the District.

The Bonds shall mature on July 1, 2028. Registered ownership of the Bonds, or any portion thereof, may not thereafter be transferred except as set forth in this Indenture.

The Bonds shall be dated as of the Closing Date and the principal or sinking fund installments thereof and the interest thereon shall be payable semiannually on each Interest Payment Date, commencing on July 1, 2018. Interest shall be computed on a 365/360 basis; that is, by applying the ratio of the interest rate over a year of 360 days, multiplied by the outstanding principal balance, multiplied by the actual number of days the principal balance is outstanding. All interest payable under on the Bonds shall be computed using this method.

The Bonds shall not be (i) assigned a rating by any rating agency, (ii) registered with The Depository Trust Company or any other securities depository, (iii) issued pursuant to any type of offering document or official statement, or (iv) assigned CUSIP numbers by Standard & Poor's CUSIP Service Bureau.

The principal or sinking fund installments of, and redemption premium, if any, of and interest on the Bonds shall be payable in lawful money of the United States of America at the Principal Corporate Trust Office. Payments shall be made, without presentation or surrender, to the person whose name appears on the bond registration books of the Trustee as the Owner thereof as of the Record Date for each Interest Payment Date, such payments to be paid by wire transfer on each Interest Payment Date to the Owner to the account specified by the Owner.

Any such payment not so punctually paid or duly provided for shall forthwith cease to be payable to the Owner on such Record Date and shall be paid to the person in whose name the Bond is registered at the close of business on a Special Record Date for the payment of such defaulted payment to be fixed by the Trustee, notice of which shall be given to the Owner by first class mail not less than ten (10) days prior to such Special Record Date. For the avoidance

of doubt, interest on any overdue payment of principal or interest shall continue at the Default Rate.

The Bonds shall be subject to redemption as provided in Article IV of this Indenture.

Section 2.03. Form of Bonds. The Bonds, the Trustee's Certificate of Authentication, and the Assignment to appear thereon, shall be substantially in the forms set forth in Exhibit A, which are attached hereto and by this reference incorporated herein, with such variations, omissions and insertions, as permitted or required by this Indenture.

Section 2.04. Execution of Bonds. The Bonds shall be executed in the name and on behalf of the District with the facsimile or manual signature of an Authorized Representative and attested by the facsimile or manual signature of the Secretary of the Board. The Bonds shall then be delivered to the Trustee for authentication by it. In case any of the officers who shall have signed or attested any of the Bonds shall cease to be such officer or officers of the District before the Bonds so signed or attested shall have been authenticated or delivered by the Trustee or issued by the District, such Bonds may nevertheless be authenticated, delivered and issued and, upon such authentication, delivery and issue, shall be as binding upon the District as though those who signed and attested the same had continued to be such officers of the District and also any Bond may be signed and attested on behalf of the District by such persons as at the actual date of execution of such Bond shall be the proper officers of the District although at the nominal date of such Bond any such person shall not have been such officer of the District.

Only Bonds as shall bear thereon a certificate of authentication substantially in the form set forth in Exhibit A attached to this Indenture, manually executed by the Trustee, shall be valid or obligatory for any purpose or entitled to the benefits of this Indenture, and such certificate of the Trustee shall be conclusive evidence that the Bonds so authenticated have been duly executed, authenticated and delivered under this Indenture and are entitled to the benefits of this Indenture.

Section 2.05. Transfer of Bonds.

(a) The Bonds may, in accordance with its terms, be transferred, upon the Registration Books, by the person in whose name it is registered, in person or by a duly authorized attorney of such person, upon surrender of such Bond to the Trustee at its Principal Corporate Trust Office for cancellation, accompanied by delivery of a written instrument of transfer in a form acceptable to the Trustee, duly executed. Whenever any Bonds shall be surrendered for registration of transfer, the District shall execute and the Trustee shall deliver a new Bond or Bonds, of like interest rate, maturity and principal amount of authorized denominations. The Trustee shall collect from the Owner any tax or other governmental charge on the transfer of any Bonds pursuant to this Section 2.05. The cost of printing Bonds and any services rendered or expenses incurred by the Trustee in connection with any transfer shall be paid by the District.

The Trustee may refuse to transfer, under the provisions of this Section 2.05, either (a) any Bonds during the period fifteen (15) days prior to the date established by the Trustee for the selection of Bonds for redemption, or (b) any Bonds selected by the Trustee for redemption.

(b) Ownership of the Bonds may be transferred in whole only, but only to a person that the Owner reasonably believes is either:

(i) a qualified institutional buyer within the meaning of Rule 144A promulgated under the Securities Act of 1933, as amended,

(ii) an accredited investor as defined in Section 501(a)(1), (2), (3) or (7) of Regulation D promulgated under the Securities Act of 1933, as amended, or

(iii) a trust, partnership, custodial arrangement or similar entity, interests in which are offered and sold in a private placement or limited offering only to qualified institutional buyers or accredited investors;

in each case that executes and delivers to the Trustee a letter in substantially the form attached hereto as Exhibit B attached to this Indenture.

Section 2.06. Exchange of Bonds. Bonds may be exchanged at the Principal Corporate Trust Office or such other location as the Trustee shall, from time to time, designate, for a like aggregate principal amount of Bonds of other authorized denominations of the same maturity; provided that the Trustee may refuse registration of transfer or exchange following the selection of Bonds for redemption, or of any Bond selected for redemption. The Trustee shall require the Owner requesting such exchange to pay any tax or other governmental charge required to be paid with respect to such exchange. The cost of printing Bonds and any services rendered or expenses incurred by the Trustee in connection with any exchange shall be paid by the District.

Section 2.07. Bond Register. The Trustee will keep or cause to be kept, at its Principal Corporate Trust Office, sufficient books for the registration and transfer of the Bonds, which shall at all times be open to inspection by the District or the Owner with reasonable prior written notice during regular business hours; and, upon presentation for such purpose, the Trustee shall, under such reasonable regulations as it may prescribe, register or transfer or cause to be registered or transferred, on such books, Bonds as hereinbefore provided.

Section 2.08. Temporary Bonds. The Bonds may be issued in temporary form exchangeable for definitive Bonds when ready for delivery. Any temporary Bond may be printed, lithographed or typewritten, shall be of such denomination as may be determined by the District, shall be in registered form and may contain such reference to any of the provisions of this Indenture as may be appropriate. A temporary Bond may be in the form of a single Bond payable in installments, each on the date, in the amount and at the rate of interest established for the Bonds. Every temporary Bond shall be executed by the District and authenticated by the Trustee upon the same conditions and in substantially the same manner as the definitive Bonds. If the District issues temporary Bonds it will execute and deliver definitive Bonds as promptly thereafter as practicable, and thereupon the temporary Bonds shall be surrendered, for cancellation, in exchange therefor at the Principal Corporate Trust Office and the Trustee shall authenticate and deliver in exchange for such temporary Bonds an equal aggregate principal amount of definitive Bonds of authorized denominations. Until so exchanged, the temporary Bonds shall be entitled to the same benefits under this Indenture as definitive Bonds authenticated and delivered under this Indenture.

Section 2.09. Bonds Mutilated, Lost, Destroyed or Stolen. If any Bond shall become mutilated, the District shall execute, and the Trustee shall thereupon authenticate and deliver, a new Bond of like tenor in exchange and substitution for the Bond so mutilated, but only upon surrender to the Trustee of the Bond so mutilated. Every mutilated Bond so surrendered to the Trustee shall be canceled by it and delivered to, or upon the order of, the District. If any Bond shall be lost, destroyed or stolen, evidence of such loss, destruction or theft may be submitted to the Trustee and, if such evidence be satisfactory to the Trustee and indemnity satisfactory to the Trustee shall be given, the District shall execute, and the Trustee shall thereupon authenticate and deliver, a new Bond of like tenor in lieu of and in substitution for the Bond so lost, destroyed or stolen (or if any such Bond shall have matured, instead of issuing a substitute Bond, the Trustee may pay the same without surrender thereof upon receipt of indemnity

satisfactory to the Trustee). The District may require payment of extraordinary expenses, if any, which may be incurred by the District and the Trustee in connection with the foregoing. Any Bond issued under the provisions of this Section 2.09 in lieu of any Bond alleged to be lost, destroyed or stolen shall constitute an original additional contractual obligation on the part of the District whether or not the Bond so alleged to be lost, destroyed or stolen be at any time enforceable by anyone, and shall be entitled to the benefits of this Indenture with all other Bonds secured by this Indenture.

ARTICLE III

ISSUANCE OF BONDS; APPLICATION OF PROCEEDS

Section 3.01. Issuance of the Bonds. At any time after the execution and delivery of this Indenture, the District may sell and execute and the Trustee shall authenticate and, upon Request of the District, deliver the Bonds in the aggregate principal amount of _____ dollars (\$_____).

Section 3.02. Application of Proceeds of Bonds. The proceeds received from the sale of the Bonds in the amount of \$_____.00 (consisting of the par amount of the Bonds), shall be deposited in trust with the Trustee, who shall forthwith transfer or deposit such proceeds as follows:

(a) the Trustee shall transfer the sum of \$_____ to the Escrow Bank for deposit in the Escrow Fund; and

(b) the Trustee shall deposit the remaining amount (\$_____) in the Costs of Issuance Fund.

The Trustee may establish such temporary funds or accounts in its records as it may deem appropriate to facilitate such transfer and deposit.

Section 3.03. Establishment and Application of Costs of Issuance Fund. The Trustee shall establish, maintain and hold in trust a separate fund designated as the "Costs of Issuance Fund." Moneys deposited in said fund shall be used to pay Costs of Issuance of the Bonds upon Requisition of the District stating the person to whom payment is to be made, the amount to be paid, the purpose for which the obligation was incurred and that such payment is a proper charge against the Costs of Issuance Fund. On the date three months after the Closing Date, or upon earlier receipt of a Certificate of the District that amounts in the Costs of Issuance Fund are no longer required for the payment of Costs of Issuance, the Costs of Issuance Fund shall be terminated and any amounts then remaining in the Costs of Issuance Fund shall be transferred to the Debt Service Fund and applied as soon as possible to the payment of the principal of the Bonds and the Costs of Issuance Fund shall be closed.

Section 3.04. Validity of Bonds.

(a) The Board has reviewed all proceedings heretofore taken relative to the authorization of the Bonds and has found, as a result of such review, and hereby finds and determines that all acts, conditions and things required by law to exist, happen or be performed precedent to and in the issuance of the Bonds do exist, have happened and have been performed in due time, form and manner as required by law, and the Board is now authorized, pursuant to each and every requirement of the Law to issue the Bonds in the form and manner provided in this Indenture and the Bonds shall be entitled to the benefit, protection and security of the provisions of this Indenture.

(b) From and after the issuance of the Bonds the findings and determinations of the Board respecting the Bonds shall be conclusive evidence of the existence of the facts so found and determined in any action or proceeding in any court in which the validity of the Bonds is at issue, and no bona fide purchaser of any of the Bonds shall be required to see to the existence of any fact or to the performance of any condition or to the taking of any proceeding required prior to such issuance or to the application of the proceeds of sale of the Bonds. The recital

contained in the Bonds that the same are issued pursuant to the Law and this Indenture shall be conclusive evidence of their validity and of the regularity of the issuance and all Bonds shall be incontestable from and after their issuance. The Bonds shall be deemed to be issued, within the meaning of this Indenture, whenever the definitive Bonds (or any temporary Bonds exchangeable therefor) have been delivered to the Original Purchaser thereof and the proceeds of sale thereof received.

ARTICLE IV

REDEMPTION OF BONDS

Section 4.01. Terms of Redemption.

(a) *Optional Redemption of Bonds.* The Bonds are subject to optional redemption prior to their stated maturity, at the option of the District, in whole or in part on any Interest Payment Date at a redemption price equal to the principal amount of Bonds called for redemption, together with interest accrued thereon to the date fixed for redemption without premium.

(b) *Mandatory Sinking Fund Redemption of Bonds.* The Bonds are subject to mandatory sinking fund redemption on January 1 and July 1 in each year, on the dates and in the amounts specified in the following table.

<u>Mandatory Sinking Fund Payment Date</u>	<u>Sinking Fund Payment Amount</u>
7/1/18	
1/1/19	
7/1/19	
1/1/20	
7/1/20	
1/1/21	
7/1/21	
1/1/22	
7/1/22	
1/1/23	
7/1/23	
1/1/24	
7/1/24	
1/1/25	
7/1/25	
1/1/26	
7/1/26	
1/1/27	
7/1/27	
1/1/28	
7/1/28†	

†Maturity

Section 4.02. Selection of Bonds for Redemption. Whenever provision is made in this Indenture for the redemption of less than all of the Bonds the Trustee shall select the Bonds to be redeemed, from all Bonds not previously called for redemption, by lot in any manner which the Trustee in its sole discretion shall deem appropriate. The Trustee shall promptly notify the District in writing of the Bonds or portions thereof so selected for redemption.

Section 4.03. Notice of Redemption. The District shall give the Trustee written notice of its intention to redeem Bonds pursuant to Section 4.01(a) no less than 45 days prior to the proposed redemption date. Notice of redemption shall be mailed by first class mail by the Trustee, not less than thirty (30) days prior to the redemption date (which redemption date shall not be less than sixty (60) days after notice of redemption pursuant to Section 4.01(a) of this Indenture shall have been delivered to the Trustee by the District), to the Owner at their addresses appearing on the bond registration books of the Trustee. Each notice of redemption

shall state the date of such notice, the Bonds to be redeemed, the date of issue of the Bonds, the redemption date, the redemption price, the place or places of redemption (including the name and appropriate address or addresses of the Trustee), and, if less than all of any such maturity, the distinctive certificate numbers of the Bonds, to be redeemed and, in the case of Bonds to be redeemed in part only, the respective portions of the principal amount thereof to be redeemed. Each such notice shall also state that on said date there will become due and payable on each of said Bonds the redemption price thereof or of said specified portion of the principal amount thereof in the case of a Bond to be redeemed in part only, together with interest accrued thereon to the redemption date, and that from and after such redemption date interest thereon shall cease to accrue, and shall require that such Bonds be then surrendered at the address or addresses of the Trustee specified in the redemption notice. Notice of redemption shall not be required with respect to Bonds redeemed pursuant to Section 4.01(b).

Notwithstanding the foregoing, in the case of any optional redemption of the Bonds pursuant to Section 4.01(a), the notice of redemption may state that the redemption is conditioned upon receipt by the Trustee of sufficient moneys to redeem the Bonds on the anticipated redemption date, and that the optional redemption shall not occur if, by no later than the scheduled redemption date, sufficient moneys to redeem the Bonds have not been deposited with the Trustee. In the event that the Trustee does not receive sufficient funds by the scheduled optional redemption date to so redeem the Bonds to be optionally redeemed, such event shall not constitute an Event of Default; the Trustee shall send written notice to the Owner to the effect that the redemption did not occur as anticipated, and the Bonds for which notice of optional redemption was given shall remain Outstanding for all purposes of this Indenture.

Notice of redemption of Bonds shall be given by the Trustee, at the expense of the District, for and on behalf of the District.

Failure by the Trustee to mail notice of redemption pursuant to this Section 4.03 to the Owner shall not affect the sufficiency of the proceedings for redemption.

Section 4.04. Partial Redemption of Bonds. Upon surrender of any Bond redeemed in part only, the District shall execute and the Trustee shall authenticate and deliver to the Owner thereof, at the expense of the District, a new Bond or Bonds of authorized denominations, equal in aggregate principal amount to the unredeemed portion of the Bond surrendered.

Section 4.05. Effect of Redemption. Notice of redemption having been duly given as aforesaid, and receipt of moneys for payment of the redemption price of, together with interest accrued to the redemption date on, the Bonds (or portions thereof) so called for redemption being held by the Trustee, on the redemption date designated in such notice, the Bonds (or portions thereof) so called for redemption shall become due and payable at the redemption price specified in such notice as provided in this Indenture and interest accrued thereon to the redemption date, interest on the Bonds so called for redemption shall cease to accrue, said Bonds (or portions thereof) shall cease to be entitled to any benefit or security under this Indenture, and the Owner shall have no rights in respect thereof except to receive payment of said redemption price and accrued interest.

All Bonds redeemed pursuant to the provisions of this Article IV shall be canceled upon surrender of such Bonds and delivered to or upon the Order of the District.

ARTICLE V

OBLIGATION OF THE DISTRICT; PLEDGE OF PARCEL TAX REVENUES

Section 5.01. Obligation of the District. The District's obligation to pay the principal, sinking fund installments of, redemption premium, if any, and interest on the Bonds and any Parity Debt shall be an obligation payable from Parcel Tax Revenues.

The obligation of the District to pay the principal or sinking fund installments of, redemption premium, if any, and interest on the Bonds and any Parity Debt from Parcel Tax Revenues, to apply Parcel Tax Revenues and to perform and observe the other agreements contained in this Indenture and the District's pledge of Parcel Tax Revenues as herein provided shall be absolute and unconditional and shall not be subject to any defense or any right of set-off, counterclaim or recoupment arising out of any breach of the District or the Trustee of any obligation to the District, whether under this Indenture or otherwise, or out of indebtedness or liability at any time owing to the District by the Trustee. Until such time as all of the principal or sinking fund installments of and interest on the Bonds and any Parity Debt shall have been fully paid or redeemed, the District (a) will not suspend, abate, or discontinue any payments provided for in Section 5.02 of this Indenture, and (b) will perform and observe all other agreements contained in this Indenture, and (c) will not terminate this Indenture for any cause, including, without limiting the generality of the foregoing, any change in the tax or other laws of the United States of America or of the State or any political subdivision of either thereof, any failure of the Trustee to perform and observe any agreement, whether express or implied, or any duty, liability or obligation arising out of or connected with this Indenture.

Section 5.02. Pledge of Parcel Tax Revenues; Transfer to Pay the Principal or Sinking Fund Installments of and Interest on the Bonds and any Parity Debt; Release from Lien.

(a) *Pledge of Parcel Tax Revenues.* The District hereby irrevocably and unconditionally agrees that the payment of the principal or sinking fund installments of, premium, if any, and interest on the Bonds and any Parity Debt shall be secured by a pledge, charge and first and prior lien upon Parcel Tax Revenues and Parcel Tax Revenues sufficient to pay the principal or sinking fund installments of, premium, if any, and interest on the Bonds and any Parity Debt as the same shall become due and payable are hereby pledged, charged, assigned, transferred and set over by the District to the Trustee for the purpose of securing payment of the principal or sinking fund installments of, premium, if any, and interest on the Bonds and any Parity Debt. The Parcel Tax Revenues shall constitute a trust fund for the security and payment of the principal or sinking fund installments of, premium, if any, and interest on the Bonds held for the benefit of the Owner or held for the benefit of the owners of any Parity Debt.

(b) *Transfer to Pay the Principal or Sinking Fund Installments of and Interest on the Bonds and any Parity Debt.* In order to provide for the payment of the principal or sinking fund installments of, premium, if any, and interest on the Bonds and any Parity Debt when due, the District shall direct the County, so long as the Bonds are Outstanding and any Parity Debt is outstanding, to transfer to the Trustee, as collected by the County, all Parcel Tax Revenues.

With respect to the Bonds, the Trustee shall deposit into the Debt Service Fund from Parcel Tax Revenues, which is hereby created, the amount of principal of and interest on the Bonds coming due on the next succeeding Interest Payment Date. With respect to any Parity Debt, the Trustee shall deposit in the debt service fund or similar fund or account established for such Parity Debt, from Parcel Tax Revenues, the amount of principal or sinking fund installment and interest on such Parity Debt coming due on the next succeeding Interest