



AGENDA
LAST FRONTIER HEALTHCARE DISTRICT
BOARD OF DIRECTORS
Thursday, July 25, 2024, 1:00 pm
City Council Chambers; Alturas City Hall; Alturas, California

Parties with a disability, as provided by the American Disabilities Act, who require special accommodations or aids in order to participate in this public meeting should make requests for accommodation to the Modoc Medical Center Administration at least 48 hours prior to the meeting. Board Agenda packets are available to the public online at www.modocmedicalcenter.org or at the MMC Administration offices.

1:00 pm - CALL TO ORDER – J. Cavasso, Chair

1. PLEDGE OF ALLEGIANCE TO THE FLAG OF THE UNITED STATES OF AMERICA – J. Cavasso, Chair

2. AGENDA APPROVAL - Additions/Deletions to the Agenda – J. Cavasso, Chair

3. PUBLIC COMMENT - This is the time set aside for citizens to address the Board on matters not on the Agenda or Consent Agenda. Comments should be limited to matters within the jurisdiction of the Board. If your comment concerns an item shown on the Agenda, please address the Board after that item is open for public comment. **By law, the Board cannot act on matters that are not on the Agenda.** The Chairperson reserves the right to limit the duration of each speaker to **three minutes**. Speakers may not cede their time. Agenda items with times noted, will be considered at that time. All other items will be considered as listed on the Agenda, or as deemed necessary by the Chairperson.

4. DISCUSSION

- | | |
|---|--------------|
| A. A. Willoughby – SNF and HA Project Monthly Report | Attachment A |
| B. A. Willoughby – Revenue Cycle Update –Cerner | Attachment B |
| C. A. Willoughby- Small Balance Write-Off, Administrative Write-Off, and Prompt Pay Discount Policies | Attachment C |

REGULAR SESSION

5. CONSENT AGENDA - Items under the Consent Agenda heading do not require discussion before a vote. If discussion is needed, that item needs to be moved to the Consideration/Action part of the Agenda where discussion is allowed.

- | | |
|---|--------------|
| A. S. Farr - Adoption of LFHD Board of Directors Regular Meeting Minutes – June 2024 | Attachment D |
| B. S. Farr – Adoption of LFHD Board of Directors Special Meeting Minutes – July 11, 2024 | Attachment E |
| C. T. Ryan - Medical Staff Committee Meeting Minutes –June 26, 2024.
– Pathology Report - May 01, 2024 | Attachment F |

6. CONSIDERATION/ACTION

- | | |
|---|--------------|
| A. E. Johnson – Departmental Policy Manuals | Attachment G |
| • Ambulance (Emergency Medical Services) | |
| • Emergency Department | |
| • EMTALA | |
| • Infection Control- Acute | |
| • Infection Control -SNF | |
| • Med/Surg Nursing | |

- Operating Room/Surgery
- B. K. Kramer: Resolution Authorizing the Commencement of Proceedings in Connection with the Proposed Issuance of Bond Anticipation Notes: Resolution #24.03 Attachment H
- C. K. Kramer: Resolution Approving the Form and Authorizing the Execution and Delivery of an Indenture and Note Purchase Agreement and Approving the Preparation and Authorizing the Distribution of Required Disclosure Documents, all in Connection with the Issuance, Sale, and Delivery of Bond Anticipation Notes to Finance a Portion of a new 50 Bed Skilled Nursing Facility and Approving Certain Other Actions. Resolution #24.04 Attachment I
- D. K. Kramer: Resolution for Tax Collection. Resolution 24.05 Attachment J
- E. K. Kramer: Ordinance Approving a Formal Agreement for the Sale of Last Frontier Healthcare District Bond Anticipation Notes. Ordinance #24.01 Attachment K
- F. J. Lin – June 2024 LFHD Financial Statement (*unaudited*) Attachment L

7. VERBAL REPORTS

- A. K. Kramer – CEO Report to the Board
- B. E. Johnson – CNO Report to the Board
- C. J. Lin – Finance Director Report to the Board
- D. A. Vucina – CHRO Report to the Board
- E. A. Willoughby – COO Report to the Board
- F. Board Member Reports

EXECUTIVE SESSION

8. CONSIDERATION / ACTION

- A. T. Ryan – Medical Executive Committee Minutes & Credentialing Items –June 26, 2024. Attachment M
(Per Evidence Code 1157) Medical Executive Committee Minutes & Credentialing Items OPPE 2023 A & B –May 29, 2024.

REGULAR SESSION

9. CONSIDERATION / ACTION

- B. T. Ryan – Medical Executive Committee Minutes & Credentialing Items –June 26, 2024.
(Per Evidence Code 1157)

10. MOTION TO ADJOURN – J. Cavasso – Chair

POSTED AT: MODOC COUNTY COURTHOUSE / ALTURAS CITY HALL / MMC WEBSITE-(www.modocmedicalcenter.org)
ON July 19, 2024.

Attachment A

Attachment B

The Revenue Cycle Summary dashboard provides summary information around your top KPIs as well as trend alerting information.

6 Month Environment Summary Trend as of Wednesday, 17-Jul-2024

[Download Billing Entity Level Data](#)

Select Billing Entities
All

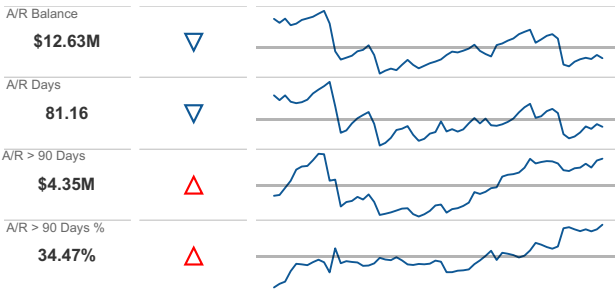
[Download Facility Level Data](#)

	Historical Avg	Jan-2024	Feb-2024	Mar-2024	Apr-2024	May-2024	Jun-2024	Jul-2024
Charges	\$4,175,319	\$4,809,183	\$4,362,444	\$4,543,465	\$4,865,083	\$5,119,697	\$4,520,993	\$2,305,809
Payments	(\$2,227,224)	(\$656,813)	(\$1,093,892)	(\$2,841,499)	(\$3,443,993)	(\$3,164,974)	(\$2,070,390)	(\$1,881,338)
Adjustments	(\$892,203)	(\$911,049)	(\$759,307)	(\$1,774,239)	(\$1,691,230)	(\$2,527,606)	(\$1,884,859)	(\$950,110)
Net Change in A/R	\$34,083,572	\$3,241,320	\$2,509,245	(\$72,273)	(\$270,139)	(\$572,883)	\$565,744	(\$525,639)
Average Daily Revenue	\$ 136,754	\$135,904	\$143,750	\$151,756	\$153,011	\$157,166	\$160,439	\$155,646
A/R Balance	\$ 13,177,081	\$10,997,454	\$13,506,699	\$13,434,426	\$13,164,286	\$12,591,403	\$13,157,148	\$12,631,508
A/R Days	96.36	80.92	93.96	88.53	86.03	80.12	82.01	81.16
A/R > 90 Days		\$743,003	\$2,152,973	\$3,052,094	\$3,530,918	\$3,928,407	\$4,210,897	\$4,354,164
A/R > 90 Days %	30.76%	6.76%	15.94%	22.72%	26.82%	31.20%	32.00%	34.47%
DNFB Dollars	\$ 579,473	\$4,343,916	\$4,372,000	\$4,814,920	\$3,932,924	\$3,087,521	\$2,201,856	\$2,797,824
DNFB Days	4.24	31.96	30.41	31.73	25.70	19.64	13.72	17.98

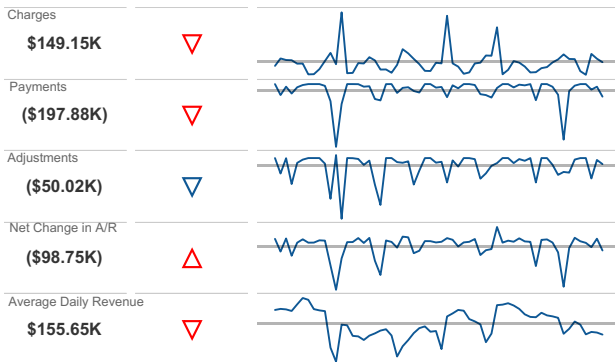
60 Day Summary

Accounts Receivable

[View A/R Summary](#)



Transactions

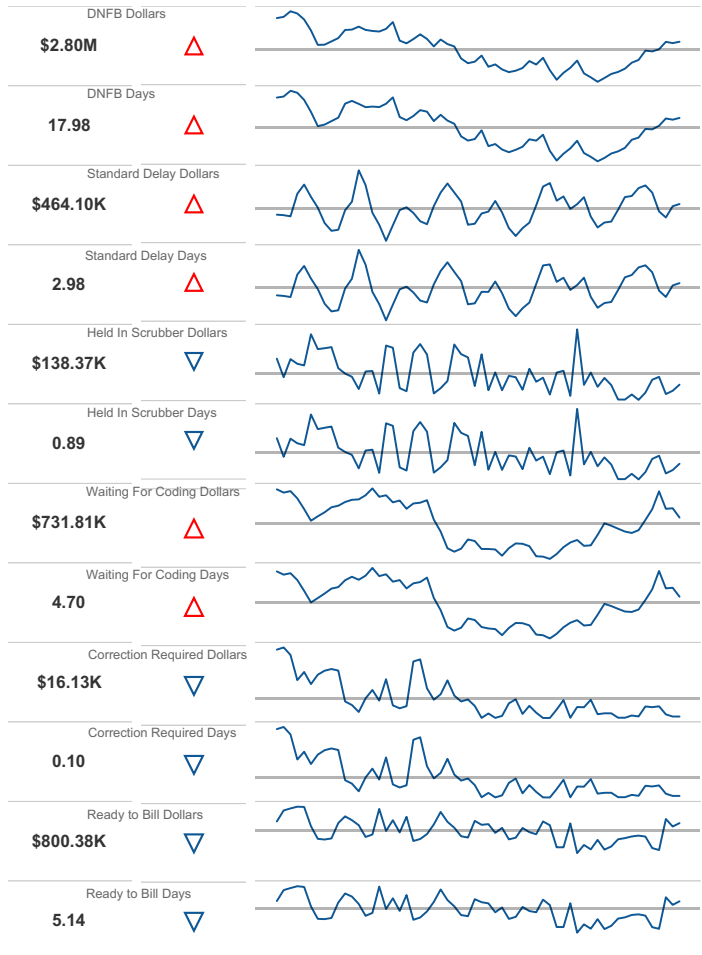


Claims



Discharged Not Final Billed

[View DNFB Summary](#)



Attachment C

SUBJECT: ADMINISTRATIVE WRITE-OFF GUIDELINES	REFERENCE #
DEPARTMENT: BUSINESS OFFICE	PAGE: 1 OF: 1
	EFFECTIVE: 09/2014
	REVISED: 09/2019

PURPOSE

The purpose of this policy is to provide a guideline for approval authority for Administrative write-offs that are given at Modoc Medical Center (MMC).

POLICY

The policy of MMC is to ensure that Administrative write-offs are performed accurately and in a manner that is consistent with Generally Accepted Accounting Principles (GAAP).

PROCEDURE

Administration has the authority to authorize write-offs on individual accounts according to the schedule below. In all circumstances, Administration should only approve write-offs that are documented and justifiable by financial or procedural arguments. Write-offs should be applied consistently to all patients in similar circumstances. Documentation as to the reasons why the write-off was requested by Administration should accompany all write-off forms, as well as, a signed write-off form at the appropriate level of authority.

Administrative Write-Off Allowance

Approval Authority

\$0 - \$500	Financial Counselor
\$0 - \$2,500	Chief Financial Officer
\$0 - \$5,000	Chief Executive Officer
\$5,001+	Board of Directors

Note: These limits do not apply to contractual adjustments.

SUBJECT: PROMPT PAY DISCOUNTS	REFERENCE #0023
DEPARTMENT: BUSINESS OFFICE	PAGE: 1
	OF: 1
APPROVED BY:	EFFECTIVE: 09/2014
	REVISED: 01/2019

PURPOSE

The purpose of this policy is to provide Modoc Medical Center (MMC) patients with discounted fees for medical services paid in full within certain time provisions outlined below.

POLICY

The policy of MMC is to offer a prompt pay discount to self-pay patients.

PROCEDURE

Patients or residents who are registered as a self-pay status are entitled to a prompt pay discount within the following guidelines (discounts are not adjusted until payment is received):

- Outpatient Clinic Visits may be discounted to a total charge of \$80.00 for payment made within 14 days after bill date.
- Hospital Outpatient and Ancillary Services may be discounted 25% if payment is received within 30 days from the date of billing.
 - NOTE: Laboratory reference or send out services cannot be discounted.
- Hospital Inpatient Services may be discounted by 25% if payment is received within 30 days from the date of billing.
- Skilled Nursing Facility (SNF) Self-Pay Room Charges and Ancillary Charges may be discounted 25% if payment is received within 15 days of end-of-month billing.

SUBJECT: SMALL BALANCE WRITE OFFS	REFERENCE #0025
DEPARTMENT: BUSINESS OFFICE	PAGE: 1 OF: 1
	EFFECTIVE:

POLICY

To ensure that billing procedures are not costing more than balances due, the Hospital authorizes a small balance write off policy on accounts between \$4.99 and -\$4.99.

PROCEDURE

Forward write off requests to Controller or CFO per Adjustment Policy and Procedure if balances not adjusted during month end procedures. The Data Processor will run and post small balance write offs at the end of each month as part of the month-end procedures.

Attachment D



REGULAR MEETING MINUTES
LAST FRONTIER HEALTHCARE DISTRICT BOARD OF DIRECTORS

Thursday, June 27, 2024, 1:00 pm
City Council Chambers
200 w North St.
Alturas, California

Directors present: Edouard (Jim) Cavasso, Mike Mason, Paul Dolby, Carol Madison
Directors absent: Rose Boulade
Staff present: Kevin Kramer, CEO; Edward Johnson, CNO; Patrick Fields, CFO; Adam Willoughby, COO; Denise King, LFHD Clerk, Amber Vucina, CHRO
Staff absent:

CALL TO ORDER

Jim Cavasso, Chair called the meeting of the Last Frontier Healthcare District (LFHD) Board of Directors (Board) to order at 1:00 pm. The meeting location was City Hall, at 200 W. North Street in Alturas, California.

1. PLEDGE OF ALLEGIANCE TO THE FLAG OF THE UNITED STATES OF AMERICA

2. AGENDA APPROVAL - Additions/Deletions to the Agenda

Carol Madison moved that the agenda be approved as presented, **Mike Mason** seconded, and the motion carried with all present voting “aye.”

3. PUBLIC COMMENT

No Public Comment

4. DISCUSSION

A. A. Willoughby – SNF and HA Project Monthly Report

Adam Willoughby, COO reviewed the monthly Skilled Nursing Facility and Hospital Addition Report with the board and answered any questions they had.

B. A. Willoughby – Revenue Cycle Update -Cerner

Adam Willoughby, COO reviewed the monthly Skilled Nursing Facility and Hospital Addition Report with the board and answered any questions they had.

C. K. Kramer – Geothermal Update

Kevin Kramer, CEO reviewed the monthly Skilled Nursing Facility and Hospital Addition Report with the board and answered any questions they had.

REGULAR SESSION

5. CONSENT AGENDA

A. S. Farr - Adoption of LFHD Board of Directors Regular Meeting Minutes – May 29, 2024

B. T. Ryan - Medical Staff Committee Meeting Minutes – April 24, 2024.

- Environment Of Care Committee Meeting Minutes – May 5, 2024
- Pathology Report- February 26, 2024, March 30, 2024, April 1, 2024

- E. Johnson – Policy and Procedures
 - Policy Review –
 - Dietary Skilled Nursing Facility
 - Authorized Personnel in the Food Service Department
 - Bedside Water Container
 - Cleaning Dishes- Manual Dishwashing
 - Dry Storage Area
 - Employee Sanitary Practices
 - Food Safety and Sanitation
 - General Sanitation of Kitchen
 - Business Office
 - Fair Pricing
 - Engineering
 - Building Maintenance Painting
 - Construction Renovation Guidelines
 - Daily Journal
 - Fire System Outage
 - Interim Life Safety Measures
 - Lockout Tagout Procedures
 - Lockout Tagout Training
 - Maintenance Work Request System
 - Outside Contractors Hazard Communication
 - Outside Contractors Working in the Facility
 - Painting Procedure Patient Room
 - Plant Operations and Maintenance
 - Rules and Regulations
 - Snow Removal
 - Emergency Management
 - Incident Response Guides (IRGS) Incident Action Plan (IAP)
 - Fire Response Plan (Code Red)

Carol Madison moved that the consent agenda be approved as presented, Mike Mason seconded, and the motion carried with all present voting “aye.”

6. CONSIDERATION/ACTION

A. E. Johnson – Departmental Policy Manuals

- Laboratory
- Pharmacy- Skilled Nursing Facility, Retail and Acute
- Physical Therapy
- Radiology
- Infusion
- Transfusion

Paul Dolby moved to approve the Department Policy Manuals as presented, Carol Madison seconded, and the motion carried with all present voting “aye.”

B. P. Fields – May, 2024 LFHD Financial Statement (*unaudited*)

Mike Mason moved to approve the May 2024 LFHD Financial Statement (*unaudited*) as presented, Paul Dolby seconded, and the motion carried with all present voting “aye.”

C. P. Fields- LFHD FYE 2025 Budget

Paul Dolby moved to approve the LFHD FYE 2025 Budget as presented, Carol Madison seconded, and the motion carried with all present voting “aye.”

D. K. Kramer – Swinerton Materials Escalation Change Order

Carol Madison moved to approve the **Swinerton Materials Escalation Change Order** as presented, **Paul Dolby** seconded, and the motion carried with all present voting “aye.”

E. K. Kramer – Swinerton Labor Escalation Change Order

Carol Madison moved to approve the **Swinerton Labor Escalation Change Order** as presented, **Paul Dolby** seconded, and the motion carried with all present voting “aye.”

F. K. Kramer – Strategic Plan FYE 2025

Paul Dolby moved to approve the **Strategic Plan FYE 2025** as presented, **Mike Mason** seconded, and the motion carried with all present voting “aye.”

G. A. Willoughby – Large Account Write Off

Carol Madison moved to approve the **Large Account Write Off** as presented, **Mike Mason** seconded, and the motion carried with all present voting “aye.”

7. VERBAL REPORTS

A. K. Kramer – CEO Report to the Board

Provider Recruitment

- Canby dental, we lost out permanent dentist and are still looking for a permanent dentist.
- The new Family Nurse Practitioner is expected to arrive in either August or September.

SNF Project

- Interim Financing documents will be presented at next board meeting.
- Anticipate closing on interim financing mid-September. Interest rate should be fairly low if short term treasuries continue to remain high. Estimated interest and cost of issuance currently is around \$700k or so according to our financial advisor.
- Working on finalizing a couple of contract amendments. One is to clarify the insurance requirements and one is to simplify the administration of per diem and lodging expenses to Swinerton personnel.
- USDA Outlay Reports are caught up.

Other Items

- DHCS QIP data is complete. We overperformed on one metric and underperformed on another. I think we will get about half of our funds on this effort. We have provided feedback to our providers and hope to improve on tobacco interventions for this next reporting period. Audit of this program will occur in late August and September.
- Major Legislation Update:
 - SB 525-Healthcare Minimum Wage-Is now delayed until October and more likely January with release of CA budget.
 - At this point I think we should just keep our transition and wages in place and if minimum wage is pushed to January, maybe leverage early implementation in MOU negotiations next year.
- Extended an offer to a finance director, Ronnie Hilario. Currently working in Riverside, 25 years of accounting and finance-related work experience. Should be here mid July or so.

B. E. Johnson – CNO Report to the Board

Warnerview

- Three-star CMS rating
 - We are expecting to see this increase with the next report which is scheduled to come out in July.

- We have added day shift RN nursing supervisors which got us to the mandatory RN staffing of 8 hours per day / 7 days per week.
- CMS is now moving the goal post with the requirement for an RN to be onsite 24 hours a day, seven days a week, and available to provide direct resident care. requiring 24/7 days per week RN coverage to include 0.55 hours per resident / day. Without adding any additional beds (27.5 RN hours per day) 2025-2026.
- Census 47
 - We were expecting 2 more patients from the Acute
 - One went AMA
 - One passed
- Mealtime changes starting July 8th
 - 0800 Dining Room
 - 0830 Hall Cart
 - 1230 Dining Room
 - 1300 Hall Cart
 - 1800 Dining Room
 - 1830 Hall Cart
- Resident activities
 - Fandango Day Parade, this will be the last July 4th parade coming pass the facility.
 - County Jam
 - County Drives

Acute

- We have been running a daily census of 5 patients but have two patients today.
 - Inpatient – Census 2.45 and Average Length of Stay (ALOS) is 3.30.
 - Swing – Census 2.29 and ALOS is 5.92
- We have no Isolation patients on the floor at this time.
- We had 23 Acute and 12 Swing patients and 38 Surgeries.

ER

- We had an average of 20 patients per day with an increase acuity level. Acuity level is a measurement of how severe a patient's illness or mental condition is and the level of care they need.
- We are working on revamping our Legal Blood Draw process with law enforcement
-

Wound Care

- Wound Care is up and running.
- Currently they are seeing patients in Outpatient PT, acute and SNF.
- Month of June they had 75 visits and four no-shows.
-

Radiology

- Radiology performed 293 X rays, 85 Ultrasounds, 173 CT scans, and 18 MRIs.

Pharmacy

- We had an accepting offer to the Retail Pharmacist Director, who is scheduled to start on July 8th.
- We filled 2689 Scripts.

Physical Therapy

- We are negotiating with a PT Director candidate at this time. Hopefully, we can come to an agreement with him
- We had 1,151 physical therapy sessions.

Health Fair

- Scheduled for June 29th from 1000 – 1400. We have 42 outside vendors and 11 internal vendors.

C. P. Fields – CFO Report to the Board

Accounting

- Accounting tech/AP Clerk have only had two applicants, held interviews and pending a decision.
- Prepping for the year end, my departure Audit and Cost Report.
- Auditors will be on site the week of Sept 16th.

Purchasing

- **Doing well**

Floater

- Currently we have one full time office worker who is dedicated to supporting Accounting, Rev Cycle and Maintenance back office tasks.
- We have three extra office workers, one has been transitioned to admitting which had reduced the registration time lag complaints, one is assigned to Radiology covering for extended leave employee, the last is limited on number of days can work. We need more floaters, we have completed a couple of interviews an offer was not made.

Medical Records

- We are continuing to work backlog of DNFB.
- We will be hiring and additional coder, will probably be remote so that we can get one with experience.

D. A. Vucina – CHRO Report to the Board

Permanent/Travel Staff

- 258 total staff
- Thirty travel staff (excluding SNF registry)
- N/A contracted staff – this is located in Admin.

Compliance

- Performance Evaluations 85 % compliant
- TB 88% compliant
- Physicals 95% compliant

E. A. Willoughby – COO Report to the Board

Cerner

- Kevin and I are trying to request a \$250k credit due to the delays and issues with implementation. The logic is that Cerner is not due their entire implementation fee since they did not uphold their end of the deal, which has led to us having to build portions of the system.

Ellkay

- I am working with Ellkay on the final validation as I need some things to be corrected on their end. Not quite done with this project yet but we're close.

Clinics

Canby

- Things are going well under Jon's leadership and we're making progress in some areas that have been pain points for a while now. I'm mainly referring to our no-show workflow and process and our referrals workflows.
- We have backfilled all open positions at this point so we are back to full staffing levels.

Alturas

- We have hired the new Canby Clinic Manager, Julie Carrillo, and am eagerly awaiting her start date in her new role. We need to backfill her current role before she starts.
- We are looking to extend Dr. Zollman so we can continue to have dental coverage.
- We have an applicant for the part-time, benefitted RDH position.
- We will now have four days of coverage with five operatories going each week, essentially equaling five days of hygiene coverage.
- Savannah is an RDHAP that can practice independently even if we don't have a Dentist, which is a huge deal.

Revenue Cycle

- Our new Revenue Cycle Director has been doing a great job and is a great addition to the team. She's doing a lot of analysis and has been identifying systemic issues that we are now correcting so that we have cleaner workflows that are automated, better clean claim rates, and reduced denials.
- We are losing our Patient Financial Services Counselor and so we are currently flying that position in hopes that we can get someone hired and trained by her before she leaves.

Marketing

- The marketing coordinator has created a page on our website called “Mountain View SNF” that is on the top right of the website landing page and this is a one-stop shop for all of the new SNF drone photos, videos, and articles.
- Feel free to let people know about this as an option for staying up to date with the project.

F. Board Member Reports

Jim Cavasso- nothing to report

Paul Dolby- nothing to report

Rose Boulade- not present

Carol Madison- nothing to report

Mike Mason- nothing to report

EXECUTIVE SESSION

8. CONSIDERATION / ACTION

**A. T. Ryan – Medical Executive Committee Minutes & Credentialing Items –March 27, 2024.
(Per Evidence Code 1157)**

- **Medical Executive Committee Minutes & Credentialing Items OPPE 2019B –April 24, 2024.**

REGULAR SESSION

9. CONSIDERATION / ACTION

**A. T. Ryan – Medical Executive Committee Minutes & Credentialing Items –March 27, 2024.
(Per Evidence Code 1157)**

B. Medical Executive Committee Minutes & Credentialing Items OPPE 2019B – May 29, 2024

Mike Mason moved to close the Executive Session and resume the Regular Session of the LFHD Board of Director’s meeting, **Paul Dolby** seconded, and the motion carried with all present voting “aye.”

RESUME REGULAR SESSION

The Regular Session of the Board of Directors was called back to session by **Jim Cavasso, Chair**, at 1:30 PM

REGULAR SESSION

9. CONSIDERATION / ACTION

A. T. Ryan – Medical Executive Committee Minutes & Credentialing Items –April 24, 2024. (Per Evidence Code 1157)

Based upon character, competence, training, experience and judgment, favorable recommendation by peers and credentialing criteria fulfillments, the Medical Executive Committee recommended the following appointments for Last Frontier Healthcare District Board of Directors’ acceptance:

Reappointments:

- Clinton McBride MD- Emergency Medicine
- Robert James III, MD Consulting Pathology

By Proxy Telemedicine Reappointment – Direct Radiology

- Michael Berven, MD
- Qazi Uddin, MD

B. Medical Executive Committee Minutes & Credentialing Items OPPE 2019B – April 24, 2024

Carol Madison moved to approve and accept Minutes, Credentialing, and Privileging items as outlined above, **Paul Dolby** seconded, and the motion carried with all present voting “aye.”

8. MOTION TO ADJOURN

Paul Dolby moved to adjourn the meeting of the Last Frontier Healthcare District Board of Directors at 1:31 PM pm, and the motion carried with all present voting “aye.”

The next meeting of the Last Frontier Healthcare District’s Board of Directors will be held on June 27, 2024, at 1:00 PM in the Alturas City Council Chambers at City Hall in Alturas, California.

Respectfully Submitted:

Samantha Farr
Chief Nursing Officer Assistant

Date

Attachment E



SPECIAL MEETING MINUTES
LAST FRONTIER HEALTHCARE DISTRICT BOARD OF DIRECTORS
Thursday, June 11, 2024, at 9:32 AM

Modoc Medical Center, Education Room; Alturas, California

Directors present: **Edouard (Jim) Cavasso, Rose Boulade, Paul Dolby, Carol Madison, Mike Mason**
Directors absent:
Staff in attendance: **Kevin Kramer: CEO Samantha Farr, Interim District Clerk**
Staff absent: **None**

CALL TO ORDER

Jim Cavasso, Chair called the meeting of the Last Frontier Healthcare District (LFHD) Board of Directors (Board) to order at 9:33 am. The meeting location was Education Room at the Modoc Medical Center at 1111 N Nagle St. in Alturas, California.

1. PLEDGE OF ALLEGIANCE TO THE FLAG OF THE UNITED STATES OF AMERICA

2. AGENDA – Additions/Deletions to the Agenda

Carol Madison moved that the agenda be approved as presented, **Rose Boulade** seconded, and the motion carried with all present voting “aye.”

3. PUBLIC COMMENT

No Public Comment

REGULAR SESSION

4. CONSIDERATION/ACTION

A.) K. Kramer– Resolution Ordering and Election, Requesting County Elections to Conduct the Election and requesting Consolidation of the Election: Resolution #24.02

K. Kramer– presented the **Resolution Ordering and Election, Requesting County Elections to Conduct the Election and requesting Consolidation of the Election: Resolution #24.02** to the board and answered any questions they had.

Carol Maidson moved to approve the **K. Kramer – Resolution Ordering and Election, Requesting County Elections to Conduct the Election and requesting Consolidation of the Election: Resolution #24.02** as presented, **Paul Dolby** seconded, and the motion carried with all present voting “aye”.

11.) MOTION TO ADJOURN

Carol Madison moved to adjourn the meeting of the Last Frontier Healthcare District Board of Directors at 10:03 am, **Rose Boulade** seconded, and the motion carried with all present voting “aye.”

Respectfully Submitted:

July 11, 2024

Page 1 of 2

DRAFT

Attachment F



DATE: JULY 25, 2024
TO: GOVERNING BOARD
FROM: T.RYAN – CREDENTIALING AIDE
SUBJECT: MEDICAL STAFF COMMITTEE MINUTES

*The following Medical Staff Committee Minutes were reviewed and accepted at the June 26, 2024, meeting and are presented for Governing Board review:

A. REVIEW OF MINUTES

1. Medical Staff Committee – May 29, 2024

B. PATHOLOGY REPORT – 05/01/2024



**MEDICAL STAFF COMMITTEE MEETING
May 29, 2024 – Education Building
MINUTES**

In Attendance

Matthew Edmonds, MD Chief Medical Officer
Edward Richert, MD Vice Chief Medical Officer
Lisanne Burkholder, MD
Landin Hagge, DO
Ruth Moeller, FNP

Kevin Kramer- CEO
Maria Morales- MSC/H.I.M. Director
Taylor Ryan- Credentialing Aide

SUBJECT	DISCUSSION	ACTION
I. CALL TO ORDER	After noting that the required members were present to constitute a quorum, the regularly scheduled Medical Staff Committee Meeting was called to order at 1210 by Dr. Edmonds, MD Chief Medical Officer.	
II. CONSENT AGENDA ITEMS	1. The following minutes were reviewed: A. Medical Staff Committee Meeting of April 24, 2024.	Minutes approved by motion, second, and vote. Forward to Governing Board.
	1. The following Committee Reports were reviewed with no corrections or additions noted: A. Environmental Care – March 05, 2024.	Minutes approved by motion, second, and vote. Forward to Governing Board.
III. PATHOLOGY REPORT	Review of Reports, 02/26/2024, 03/30/2024, and 04/01/2024.	Report at next meeting
IV. CHIEF MEDICAL OFFICER REPORT	Currently, still navigating Cerner. Still spending a lot of time typing in Cerner and that is just getting old formats changed into new formats. Anticipating this will take a while but looking forward to completing it all. Enjoying seeing notes from different departments, Nursing, ER, etc. all in one place. Looking forward to the new provider that will be joining us in August. Ruth then will be transitioning to a different schedule with this	Report at next meeting

SUBJECT	DISCUSSION	ACTION
	<p>addition. That being, hopefully this will improve the walk-in issues we're still experiencing and make it a more functional system. Still continuing our Radio-Ads. Ruth just completed her segment on, "How to find a PCP", Wendy has Dementia for next month, and after that Heather has Hypertension. After, it will be 10 months we have been doing these Radio-Ads and we are very pleased with the outcomes produced. Also, have been talking about doing a community night maybe once a quarter, picking a disease, and put some of our faces up there to discuss a friendly power point with some refreshments. This is on everybody's radar, and we think it would be another good community initiative to raise our profile, get more patients, and provide more education. Additionally, this will also get everybody on the same page too.</p>	
<p>V. EMERGENCY ROOM REPORT</p>	<p>Nothing to report.</p>	
<p>VI. CEO REPORT</p>	<p>Skilled Nursing Facility update, negotiations are mostly over. Currently working with Alicia pulling QIP data from ECW and Cerner so we can make sure we have captured everybody who was seen between October 23rd and December 31st, 2023. Looking forward to having this reported by June 14th or June 15th so we potentially are eligible for up to 1 million dollars in reimbursements. Once finished with the Clinic providers, I will report the findings and performance rates. Hoping our new provider Ryan Ciantar will be here by August. He currently is preparing to take his licensing exam in Arizona right now so once he completes that, he will apply for his other California requirements. Mike McCormack, Dentist for Canby, has also signed his offer as well. He has to obtain his licensing in California too, so he is working on that and pinning down housing. Other than that, we plan to migrate to Health Care Minimum Wage that the board has approved, so anyone that is employed with us will migrate with the rest of our staff.</p>	<p>Report at next meeting</p>
<p>VII. CNO/SNF REPORT</p>	<p>Absent.</p>	

SUBJECT	DISCUSSION	ACTION
VIII. PHARMACY REPORT	Absent.	
IX. NEW BUSINESS	No New Business.	
X. ADJOURNMENT	The meeting was adjourned at 1240.	



Matthew Edmonds, MD Chief Medical Officer

06/26/2024

Date



PATHOLOGIST ON-SITE VISIT REPORT

DATE OF VISIT: 05/01/2024

During the pathology on-site visit and visit to Canby Clinic, I spent approximately 7 hours in Medical Records, Laboratory, and at the Canby Clinic.

While in medical records, there were 8 surgical path reports compared with the clinical histories. There was 1 mortality review. These were for the months of march. And for the month of April there were 17 surgical path reports compared with the clinical histories 1 mortality review and 6 blood transfusions reviews. There were no issues identified in any of the reports.

I spoke with Walter about the staffing in the laboratory, everything is coming along quite nicely. Again, Jazz has been fully integrated into the laboratory and is performing in the normal routine. Jacqueline is waiting for the arrival of her license but learning the routine in the laboratory and will function as a full time CLS once her state license has been obtained. Brian has had his H1 visa changed, and we are in the proses of waiting for him to join the staff. Walter has put in a request that Brenda be promoted to a CLS3 as she has performed above and beyond what would be expected of a CLS2. There are still problems with Cerner analysis not being transferred from several machines to the computer, this involves the BioFire and the Istat equipment. There has been an issue with being able to put the blood bank request into Cerner, and therefore until this is resolved the blood bank request from the Emergency Room and Inpatient will be summited on written paper request and then transferred in the computer. By having these written requests there will not be a delay in the suppling of blood to the Emergency Room or the Inpatient areas. While in the laboratory the QC charts for the XN-550 was reviewed, the PTT Patient comparison for the new and old lots witch will be used for reviewed, the Bio-fire validation studies for microbiology were reviewed, the April 2024 linearity verification for ortho vitros witch is done every 6 months is reviewed, the Alcore group coordinator report, the UA quantal level 1 and level 2 for March and December, the QC results for glucose for the glucometer for march, the unity monthly report for March on the Bio Red instrument, the XN-1 QC for the month of February, and the QC statistic vetros for the Hemoglobin A1C for March.

I spoke with Dr. Self in the emergency room, and he felt that the laboratory was doing and excellent job and he had no suggestion at this time for improvement.

ROBERT JAMES, MD, PAD
CONSULTING PATHOLOGIST

6/6/24
Date

Attachment G



MEMORANDUM

DATE: 7/16/2024
TO: Board of Directors
FROM: Megan Wright
SUBJECT: Review of Departmental Policy Manual

The following manual is submitted for your review and approval:

Ambulance Department

This year's revisions/accomplishments:

This year's accomplishments have been to archive policies and identify policies that need to be revised.

Follow-up actions to be completed by:

Follow-up actions to be completed is to update policies that are outdated and need revision.

Respectfully Submitted,

Megan Wright



MEMORANDUM

DATE:
TO: Board of Directors
FROM:
SUBJECT: Review of Departmental Policy Manual

The following manual is submitted for your review and approval: Emergency Department and L&D

This year's revisions/accomplishments:

- Updated Discharge Planning Policy to include the process for discharge of the homeless. The old Discharge Planning Policy was archived. Other policies were updated to include Nasogastric Tube Removal; Chest Tube Insertion Policy; Paracentesis; Code Blue Alert Adult/Pediatric.

Follow-up actions to be completed by:

- The goal for this year is to update at least one policy per week.

Respectfully Submitted,

Susan Sauerheber RN BSN
Nurse Manager Acute/ ER



4/25/24



MEMORANDUM

DATE:
TO: Board of Directors
FROM:
SUBJECT: **Review of Departmental Policy Manual**

The following manual is submitted for your review and approval: EMTALA

This year's revisions/accomplishments:

- This manual is updated when the new publication from California Hospital Association (CHA) is released. There have not been any updates released for this manual by CHA.
- Remains current.

Follow-up actions to be completed by:

- When CHA releases an updated manual, one will be purchased by the Emergency Department.

Respectfully Submitted,

Susan Sauerheber RN BSN
Nurse Manager Acute/ER

4/25/24



MEMORANDUM

DATE:
TO: Board of Directors
FROM:
SUBJECT: **Review of Departmental Policy Manual**

The following manual is submitted for your review and approval: **INFECTION CONTROL ACUTE**

This year's revisions/accomplishments:

HAND HYGIENE 03/30/2023
INFECTION PREVENTION AND CONTROL PLAN 06/2023
INFECTION PREVENTION PROGRAM 06/2023
COMMUNITY CHAIRPERSON 06/2023
AIRBORNE INFECTION CONTROL 06/2023
BLOODBORNE PATHOGEN EXPOSURE CONTROL PLAN 03/17/2023
COVID 19 EMPLOYEE HEALTH AND SAFETY PROTOCOLS 03/29/2023
EMPLOYEE HEALTH BLOODBORNE PATHOGENS POST EXPOSURE EVALUATION AND FOLLOW UP 02/2024
EMPLOYEE EXPOSURE PLAN 02/16/2024
EMPLOYEE TREATMENT FOR BLOOD AND BODY FLUID EXPOSURE 04/2024
EXPOSURE TO BLOOD; WHAT HEALTHCARE PERSONNEL NEED TO KNOW; OCCUPATIONAL EXPOSURES TO BLOOD (Attachment 5 Source Consent/Refusal for HBV, HCV, & HIV Testing; Source Consent /Refusal for HBV, HCV, & HIV Testing
Attachment 6- Informed Refusal for Post Exposure Evaluation; Informed Refusal for Post Exposure Medical Evaluation.
Attachment 7- Body Fluids Exposure Educational Handout
Blood and Body Fluid Exposure Form (Modoc Medical Center, Clinics, Warnerview) 04/2024
HIV Testing Consent Form
HIV Testing without Consent
Employee Hepatitis B Vaccination 04/2024
HEPATITIS B VACCINATION FOR EMPLOYEES 04/2024
HEALTHCARE WORKERS IMMUNIZATION PROGRAM 04/2024
IMMUNIZATION CONSENT/DECLINATION
INFECTION PREVENTION PROGRAM 06/2023
SURVEILLANCE COLLECTION, ANALYZING, AND REPORTING DATA 04/2024



MEMORANDUM

DATE: 7/19/2024
TO: Board of Directors
FROM: Suzanne Johnson
SUBJECT: Review of Departmental Policy Manual

The following manual is submitted for your review and approval: SNF Infection Control

This year's revisions/accomplishments:

- Consolidation/updating the following SNF Infection Control Policies
- Resident Vaccination Policy
- Viral Respiratory Pathogens Policy
- Viral Gastrointestinal (Noro and others)
- C Diff Policy
- Scabies and other infestations policy
- Added a policy for Enhanced Barrier Precautions
- Updated Outbreak checklists and key contacts lists

Follow-up actions to be completed by:

- In process of archiving all older guidance publications from CDPH and CDC
- SNF Infection Control Surveillance and Control Policy

Respectfully Submitted,



MEMORANDUM

DATE:
TO: Board of Directors
FROM:
SUBJECT: Review of Departmental Policy Manual

The following manual is submitted for your review and approval: Acute Med/Surg Nursing

This year's revisions/accomplishments:

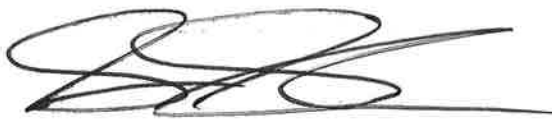
- Updated policy for Discharge Planning; Nasogastric Tube Placement; Suctioning
- There were multiple policies that were archived due to outdated. These policies included: Deep Breathing Exercises; Postural Drainage; Management of Respiratory Distress; Pentamidine Therapy; Continuous Positive Airway Pressure and Seal Easy Resuscitation Kit.

Follow-up actions to be completed by:

- The goal for this year is to update at least one policy per week.

Respectfully Submitted,

Susan Sauerheber RN BSN
Nurse Manager Acute/ER



4/25/24

Attachment H



**BOARD OF DIRECTORS
CONSIDERATION / ACTION**

**RESOLUTION AUTHORIZING THE COMMENCEMENT OF
PROCEEDINGS IN CONNECTION WITH THE PROPOSED
ISSUANCE OF BOND ANTICIPATION NOTES**

RESOLVED, by the Board of Directors (the “Board”) of the Last Frontier Healthcare District (the “District”), as follows:

WHEREAS, the District proposes to issue its revenue bonds in the form of bond anticipation notes to provide funds to finance a portion of the costs of a new 50-bed skilled nursing facility to be located on property owned by the District adjacent to its acute care hospital in Alturas, California (the “Project”) in anticipation of permanent financing for the Project from the United States Department of Agriculture—Rural Development; and

WHEREAS, it is appropriate that the Board formally authorize commencement of proceedings and to approve certain preliminary actions in connection with the execution and delivery of such notes;

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

Section 1. The District proposes to issue its Last Frontier Healthcare District (Modoc County, California) 2024 Bond Anticipation Notes (the “Notes”), to finance the Project, and the Board authorizes appropriate officers and officials of the District to proceed with the preparation of the necessary documents in connection with the issuance and sale of the Notes, subject to final approval thereof by the Board at a subsequent meeting.

Section 2. The estimated cost of the Project is \$24,000,000 (as a USDA requirement) including an estimated \$2,100,000 in capitalized interest during construction and 1% of the par amount of the notes as cost of issuance for underwriting, trustee (draws and reinvestment of proceeds), and disclosure counsel.

Section 3. The principal amount of the Notes will not exceed \$24,000,000.

Section 4. The interest rate on the Notes will not exceed 6.50% per annum payable semi-annually.

Section 5. The Notes will be payable from the gross revenues of the District, from bonds to be sold to the United States of America Department of Agriculture—Rural Development or other purchaser or from renewal notes and the Notes will not to be secured by the taxing power of the District.

Section 6. All actions of the officers, agents and employees of the District that are in conformity with the purposes and intent of this resolution, whether taken before or after the adoption hereof, are hereby ratified, confirmed and adopted.

Section 7. The President of the Board, the Chief Executive Officer of the District, the Chief Finance Officer of the District, the Chief Operations Officer of the District, and other appropriate officers and officials of the District are hereby authorized and directed to take such action and to execute such documents as may be necessary or desirable to effectuate the intent of this resolution.

Section 8. The Secretary of the Board is directed to cause this resolution to be published by bond counsel pursuant to section 32318 of the California Health and Safety Code.

Section 9. This resolution shall take effect immediately.

The foregoing resolution was duly adopted at a meeting of the Board of Directors of Last Frontier Healthcare District held on the 25th day of July 2024, by the following vote:

The foregoing resolution was duly adopted at a meeting of the Board of Directors of Last Frontier Healthcare District held on the 25th day of July 2024, by the following vote:

LFHD Board Members	Aye	Nay	Absent	Abstain
Edouard (Jim) Cavasso				
Paul Dolby				
Carol Madison				
Mike Mason				
Rose Boulade				

THE MOTION CARRIES / FAILS.

Edouard (Jim) Cavasso, Chair
LAST FRONTIER HEALTHCARE DISTRICT BOARD OF DIRECTORS

LAST FRONTIER HEALTHCARE DISTRICT

I, **Samantha Farr**, Interim Clerk of the Board of Directors in and for the **LAST FRONTIER HEALTHCARE DISTRICT**, do hereby certify and attest that the above and foregoing is a full, true and correct copy of an **ORDER** as it appears in the Minutes of said Board of Directors this 25th day of July 2024 on file in my office.

WITNESS my hand and the seal of the Board of Directors this 25th day of July 2024.

Samantha Farr, Interim Clerk of the Board
LAST FRONTIER HEALTHCARE DISTRICT

Attachment I



**BOARD OF DIRECTORS
CONSIDERATION / ACTION**

RESOLUTION APPROVING THE FORM AND AUTHORIZING THE EXECUTION AND DELIVERY OF AN INDENTURE, A NOTE PURCHASE AGREEMENT AND A CONTINUING DISCLOSURE CERTIFICATE AND APPROVING THE FORM AND AUTHORIZING DISTRIBUTION OF A PRELIMINARY OFFICIAL STATEMENT, ALL IN CONNECTION WITH THE ISSUANCE, SALE AND DELIVERY OF BOND ANTICIPATION NOTES TO FINANCE A PORTION OF A NEW 50-BED SKILLED NURSING FACILITY, AND APPROVING CERTAIN OTHER ACTIONS

RESOLVED, by the Board of Directors (the “Board”) of the Last Frontier Healthcare District (the “District”), as follows:

WHEREAS, the District has determined to finance a new 50-bed skilled nursing facility to be located on property owned by the District adjacent to its acute care hospital in Alturas, California (the “Project”);

WHEREAS, the Project will be funded from the following sources: (a) proceeds of a District bond issue (the “USDA Take-Out Financing”) to be purchased by the United States Department of Agriculture—Rural Development (the “USDA”), (b) grants, and (c) a District equity contribution;

WHEREAS, the USDA requires that the Project be completed before it can purchase bonds to finance the Project;

WHEREAS, to fund a portion of the construction costs of the Project, the District has determined to issue its \$24,000,000 Last Frontier Healthcare District 2024 Bond Anticipation Notes (the “Notes”), in anticipation of the issuance of the USDA Take-Out Financing and the sale thereof to the USDA;

WHEREAS, it is anticipated that the USDA Take-Out Financing will pay the Notes at or prior to their maturity;

WHEREAS, a preliminary official statement to be used in connection with the offering and sale of the Notes has been prepared and it is appropriate at this time for the Board to approve the form thereof and its distribution to prospective purchasers of the Notes;

WHEREAS, pursuant to section 5852.1 of the Government Code, which became effective on January 1, 2018 by the enactment of Senate Bill 450, certain information relating to the Notes is set forth in Exhibit A attached to this Resolution, and such information is hereby disclosed and made public; 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 Notes;

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

Section 1. The Board hereby approves the issuance of the Notes to fund a portion of the costs of the Project.

Section 2. The form of indenture between the District and U.S. Bank Trust Company, National Association, as trustee (the “Trustee”), as presented to this meeting (the “Indenture”), is hereby approved. The President of the Board, the Chief Executive Officer of the District, the Chief Finance Officer of the District, the Chief Operations Officer of the District, or the designee thereof (each, an “Authorized Officer”), is hereby authorized and directed, for and in the name of the District, to execute and deliver the Indenture in substantially such form, 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 Notes shall be as provided in the Indenture, as finally executed.

Section 3. The form of note purchase agreement by and between the District and Municipal Capital Markets Group, Inc., as underwriter (the “Underwriter”), as presented to this meeting (the “Note Purchase Agreement”), is hereby approved, so long as amount of Underwriter’s discount for the Notes is not more than 6.50% of the par amount thereof. Any Authorized Officer is hereby authorized and directed for and in the name of the District, to execute and deliver the Note Purchase Agreement in substantially such form, 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 Note Purchase Agreement.

As an alternative to the sale of the Notes through a public offering, the Notes may be sold on a private placement basis through Municipal Capital Markets Group, Inc., acting as private placement agent (the “Private Placement Agent”), if a private placement of the Notes will produce a lower interest rate than are available through a public offering of the Notes, or if a private placement is otherwise preferable and/or more appropriate to a public offering of the Notes.

Section 4. The form of continuing disclosure certificate, as presented to this meeting (the “Continuing Disclosure Certificate”), is hereby approved. Any Authorized Officer is hereby authorized and directed for and in the name of the District, to execute and deliver a Continuing Disclosure Certificate in substantially such form, 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 Continuing Disclosure Certificate.

Section 5. The Board hereby approves and deems final within the meaning of Rule 15c2-12 of the Securities Exchange Act of 1934 except for permitted omissions, a preliminary official statement describing the Notes in the form presented to this meeting (the “Preliminary Official Statement”). Distribution of the Preliminary Official Statement by the Underwriters to prospective purchasers of

the Notes is hereby approved. Any Authorized Officer is hereby authorized to execute the final form of an official statement, including as it may be modified by such additions thereto and changes therein as such officer shall deem necessary, desirable or appropriate (the “Final Official Statement”), and the execution of the Final Official Statement shall be conclusive evidence of the approval of any such additions and changes. The Board hereby authorizes the distribution of the Final Official Statement by the Underwriters. The Final Official Statement shall be executed in the name and on behalf of the District by an Authorized Officer.

Section 6. The Authorized Officers are 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 financing and to issue the Notes, such approval to be conclusively evidenced by the execution and delivery of such documents.

Section 7. The Notes shall be executed by the manual or facsimile signature of any Authorized Officer and attested by the manual or facsimile signature of the Secretary or Assistant Secretary of the Board, or the designee thereof, in the form set forth in and otherwise in accordance with the Indenture.

Section 8. The Authorized Officers 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 9. The Notes, when so executed, shall be delivered to the Trustee for authentication by the Trustee. The Trustee is hereby requested and directed to authenticate the Notes by executing the Trustee’s Certificate of Authentication appearing thereon, and to deliver the Notes, when duly executed and authenticated, to the Underwriter in accordance with written instructions of the District. Said instructions shall provide for the delivery of the Notes to the Underwriter upon payment of the purchase price thereof.

Section 10. The Authorized Officers are each hereby authorized and directed to do the following with respect to the issuance of the Notes:

(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 Notes and any additional negotiations, authorizations, approvals, executions, consents, notices, deliveries or other acts required to issue such Notes.

Section 11. All actions taken by the Authorized Officers 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.

The foregoing resolution was duly adopted at a meeting of the Board of Directors of Last Frontier Healthcare District held on the 25th day of July 2024, by the following vote:

LFHD Board Members	Aye	Nay	Absent	Abstain
Edouard (Jim) Cavasso				
Paul Dolby				
Carol Madison				
Mike Mason				
Rose Boulade				

THE MOTION CARRIES / FAILS.

Edouard (Jim) Cavasso, Chair
LAST FRONTIER HEALTHCARE DISTRICT BOARD OF DIRECTORS

LAST FRONTIER HEALTHCARE DISTRICT

I, Samantha Farr the Interim Clerk of the Board of Directors of the Last Frontier 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 25th day of July 2024, by the following vote of the members thereof:

WITNESS my hand and the seal of the Board of Directors this 25th day of July 2024.

Samantha Farr, Interim Clerk of the Board
LAST FRONTIER HEALTHCARE DISTRICT

CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the “Disclosure Certificate”) is executed and delivered by the LAST FRONTIER HEALTHCARE DISTRICT (the “District”) in connection with the issuance by the District of its \$_____ Last Frontier Healthcare District (Modoc County, California) 2024 Bond Anticipation Notes (the “Notes”). The Notes are being issued pursuant to an indenture of trust, dated as of August 1, 2024, by and between the District and Zions Bancorporation, National Association, as trustee (the “Indenture”). The District covenants and agrees as follows:

Section 1. Definitions. In addition to the definitions set forth above and in the Indenture which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section 1, the following capitalized terms shall have the following meanings:

“*Annual Report*” means any Annual Report provided by the District pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

“*Annual Report Date*” means the date that is nine months after the end of the District’s Fiscal Year (currently March 31 based on the District’s Fiscal Year end of June 30).

“*Dissemination Agent*” shall mean, initially, _____, or any successor Dissemination Agent designated in writing by the District and which has been filed with the then current Dissemination Agent a written acceptance of such designation.

“*Fiscal Year*” means any twelve-month period beginning on July 1 in any year and extending to the next succeeding June 30, both dates inclusive, or any other twelve-month period selected and designated by the District as its official Fiscal Year period under a Certificate of the District filed with the Trustee.

“*MSRB*” means the Municipal Securities Rulemaking Board, which has been designated by the Securities and Exchange Commission as the sole repository of disclosure information for purposes of the Rule, or any other repository of disclosure information that may be designated by the Securities and Exchange Commission as such for purposes of the Rule in the future.

“*Official Statement*” means the final official statement executed by the District in connection with the issuance of the Notes.

“*Participating Underwriter*” means Hilltop Securities Inc., the underwriter of the Notes.

“*Rule*” means Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as it may be amended from time to time.

“*Significant Events*” means any of the events listed in Section 5(a) of this Disclosure Certificate.

Section 2. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the District for the benefit of the holders and beneficial owners of the Notes and in order to assist the Participating Underwriter in complying with the Rule.

Section 3. Provision of Annual Reports.

(a) The District shall, or shall cause the Dissemination Agent to, not later than the Annual Report Date, commencing March 31, 2025, with the report for Fiscal Year 2023-24 provide to the MSRB, in an electronic format as prescribed by the MSRB, an Annual Report that is consistent with the requirements of Section 4 of this Disclosure Certificate. Not later than 15 business days prior to the Annual Report Date, the District shall provide the Annual Report to the Dissemination Agent (if other than the District). If by 15 business days prior to the Annual Report Date the Dissemination Agent (if other than the District) has not received a copy of the Annual Report, the Dissemination Agent shall contact the District to determine if the District is in compliance with the previous sentence. The Annual Report may be submitted as a single document or as separate documents comprising a package and may include by reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the District may be submitted separately from the balance of the Annual Report, and later than the Annual Report Date, if not available by that date. If the District's Fiscal Year changes, it shall give notice of such change in the same manner as for a Significant Event under Section 5(c). The District shall provide a written certification with each Annual Report furnished to the Dissemination Agent to the effect that such Annual Report constitutes the Annual Report required to be furnished by the District hereunder.

(b) If the District does not provide (or cause the Dissemination Agent to provide) an Annual Report by the Annual Report Date, the District in a timely manner shall provide (or cause the Dissemination Agent to provide) to the MSRB, in an electronic format as prescribed by the MSRB, a notice in substantially the form attached as Exhibit A.

(c) With respect to each Annual Report, the Dissemination Agent shall:

(i) determine each year prior to the Annual Report Date the then-applicable rules and electronic format prescribed by the MSRB for the filing of annual continuing disclosure reports; and

(ii) if the Dissemination Agent is other than the District, file a report with the District certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, and stating the date it was provided.

Section 4. Content of Annual Reports. The District's Annual Report shall contain or incorporate by reference the following:

(a) The District's audited financial statements for the prior Fiscal Year prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If the District's audited financial statements are not available by the Annual Report Date, the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

(b) Unless otherwise provided in the audited financial statements filed on or prior to the Annual Report Date, financial information and operating data with respect to the District for the preceding Fiscal Year, substantially similar to that provided in the Official Statement, as follows:

- (i) Total patients and patient visits;
- (ii) Patients encounters;
- (iii) Prospective payment system rates from encounters; and
- (iv) Operating revenue by source.]

(c) In addition to any of the information expressly required to be provided under this Disclosure Certificate, the District shall provide such further material information, if any, as may be necessary to make the specifically required statements, in the light of the circumstances under which they are made, not misleading.

(d) Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the District or related public entities, which are available to the public on the MSRB's Internet web site or filed with the Securities and Exchange Commission. The District shall clearly identify each such other document so included by reference.

Section 5. Reporting of Significant Events.

(a) The District shall give, or cause to be given, notice of the occurrence of any of the following Significant Events with respect to the Notes:

- (i) Principal and interest payment delinquencies;
- (ii) Non-payment related defaults, if material;
- (iii) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (iv) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (v) Substitution of credit or liquidity providers, or their failure to perform;
- (vi) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security;
- (vii) Modifications to rights of security holders, if material;
- (viii) Bond calls, if material, and tender offers;
- (ix) Defeasances;
- (x) Release, substitution, or sale of property securing repayment of the securities, if material;
- (xi) Rating changes;
- (xii) Bankruptcy, insolvency, receivership or similar event of the District or other obligated person;

(xiii) The consummation of a merger, consolidation, or acquisition involving the District or an obligated person, or the sale of all or substantially all of the assets of the District or an obligated person (other than in the ordinary course of business), the entry into a definitive agreement to undertake such an action, or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

(xiv) Appointment of a successor or additional trustee or Trustee with respect to the Notes or the change of name of a trustee or Trustee, if material;

(xv) The incurrence of a financial obligation of the District or other obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the District or other obligated person, any of which affect security holders, if material; or

(xvi) A default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the District or other obligated person, any of which reflect financial difficulties.

(b) Whenever the District obtains knowledge of the occurrence of a Significant Event, the District shall, or shall cause the Dissemination Agent (if not the District) to, file a notice of such occurrence with the MSRB, in an electronic format as prescribed by the MSRB, in a timely manner not in excess of 10 business days after the occurrence of the Significant Event. Notwithstanding the foregoing, notice of Significant Events described in subsection (a)(viii) above need not be given under this subsection any earlier than the notice (if any) of the underlying event given to holders of affected Notes.

(c) The District acknowledges that the events described in subparagraphs (a)(ii), (a)(vii), (a)(viii) (if the event is a bond call), (a)(x), (a)(xiii), (a)(xiv) and (a) (xv) of this Section 5 contain the qualifier “if material.” The District shall cause a notice to be filed as set forth in paragraph (b) above with respect to any such event only to the extent that the District determines the event’s occurrence is material for purposes of U.S. federal securities law. The District intends that the words used in paragraphs (xv) and (xvi) and the definition of “financial obligation” to have the meanings ascribed thereto in SEC Release No. 34-83885 (August 20, 2018).

(d) For purposes of this Disclosure Certificate, any event described in paragraph (a)(xii) above is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the District in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the District, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the District.

Section 6. Identifying Information for Filings with the MSRB. All documents provided to the MSRB under this Disclosure Certificate shall be accompanied by identifying information as prescribed by the MSRB.

Section 7. Termination of Reporting Obligation. The District’s obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Notes. If such termination occurs prior to the final maturity of the Notes, the

District shall give notice of such termination in the same manner as for a Significant Event under Section 5(b).

Section 8. Dissemination Agent. The District may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any Dissemination Agent, with or without appointing a successor Dissemination Agent. Any Dissemination Agent may resign by providing 30 days' written notice to the District.

Section 9. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the District may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

(a) if the amendment or waiver relates to the provisions of Sections 3(a), 4 or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of an obligated person with respect to the Notes, or type of business conducted;

(b) the undertakings herein, as proposed to be amended or waived, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the primary offering of the Notes, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) the proposed amendment does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the holders or beneficial owners of the Notes.

If the annual financial information or operating data to be provided in the Annual Report is amended pursuant to the provisions hereof, the first annual financial information filed pursuant hereto containing the amended operating data or financial information shall explain, in narrative form, the reasons for the amendment and the impact of the change in the type of operating data or financial information being provided.

If an amendment is made to the undertaking specifying the accounting principles to be followed in preparing financial statements, the annual financial information for the year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. The comparison shall include a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information, in order to provide information to investors to enable them to evaluate the ability of the District to meet its obligations. To the extent reasonably feasible, the comparison shall also be quantitative.

The Dissemination Agent shall not be obligated to enter into any amendment increasing or affecting its duties or obligations hereunder.

A notice of any amendment made pursuant to this Section 9 shall be filed in the same manner as for a Significant Event under Section 5(c).

Section 10. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the District from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Significant Event, in addition to that which is required by this Disclosure Certificate. If the District chooses

to include any information in any Annual Report or notice of occurrence of a Significant Event in addition to that which is specifically required by this Disclosure Certificate, the District shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Significant Event.

Section 11. Default. If the District fails to comply with any provision of this Disclosure Certificate, the Participating Underwriter or any holder or beneficial owner of the Notes may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the District to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Indenture, and the sole remedy under this Disclosure Certificate in the event of any failure of the District to comply with this Disclosure Certificate shall be an action to compel performance.

Section 12. Duties, Immunities and Liabilities of Dissemination Agent.

(a) The Dissemination Agent shall be entitled to the protections and limitations from liability afforded to the Trustee thereunder. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the District agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which they may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The Dissemination Agent shall have no duty or obligation to review any information provided to it by the District hereunder and shall not be deemed to be acting in any fiduciary capacity for the District, the Note holders or any other party. The Dissemination acts hereunder solely for the benefit of the District and this Disclosure Certificate shall confer no duties on the Dissemination Agent to the Participating Underwriter or the holders or beneficial owners of the Notes. The obligations of the District under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Notes.

(b) The Dissemination Agent shall be paid compensation by the District for its services provided hereunder in accordance with its schedule of fees as amended from time to time, and shall be reimbursed for all expenses, legal fees and advances made or incurred by the Dissemination Agent in the performance of its duties hereunder.

Section 13. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the District, the Dissemination Agent, the Participating Underwriter and the holders and beneficial owners from time to time of the Notes and shall create no rights in any other person or entity.

Section 14. Counterparts. This Disclosure Certificate may be executed in several counterparts, each of which shall be regarded as an original, and all of which shall constitute one and the same instrument.

Date: August __, 2024

LAST FRONTIER HEALTHCARE
DISTRICT

By _____
Name _____
Title _____

ACKNOWLEDGED:

_____, as Dissemination Agent

By _____
Authorized Officer

EXHIBIT A

NOTICE TO EMMA OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: Last Frontier Healthcare District

Name of Issue: \$_____ Last Frontier Healthcare District (Modoc County, California)
2024 Bond Anticipation Notes

Date of Issuance: August __, 2024

NOTICE IS HEREBY GIVEN that the Issuer has not provided an Annual Report with respect to the above-named Issue as required by the Continuing Disclosure Certificate, dated August __, 2024, furnished by the Issuer in connection with the Issue. The Issuer anticipates that the Annual Report will be filed by _____.

Dated: _____

_____, as Dissemination Agent

By _____
Title _____

cc: Trustee

INDENTURE OF TRUST

Dated as of August 1, 2024

by and between the

LAST FRONTIER HEALTHCARE DISTRICT

and

ZIONS BANCORPORATION, NATIONAL ASSOCIATION, as Trustee

Relating to
\$ _____
Last Frontier Healthcare District
(Modoc County, California)
2024 Bond Anticipation Notes

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EXHIBIT A: FORM OF NOTES

INDENTURE OF TRUST

THIS INDENTURE OF TRUST (this “Indenture”), made and entered into and dated as of August 1, 2024, by and between LAST FRONTIER HEALTHCARE DISTRICT, a local health care district of the State of California (the “District”), and ZIONS BANCORPORATION, 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 determined to finance a new 50-bed skilled nursing facility to be located on property owned by the District adjacent to its acute care hospital in Alturas, California (the “Project”);

WHEREAS, the Project will be funded from the following sources: (a) proceeds of a District bond issue (the “USDA Take-Out Financing”) to be purchased by the United States Department of Agriculture—Rural Development (the “USDA”), (b) grants, and (c) a District equity contribution;

WHEREAS, the USDA requires that the Project be completed before it can purchase bonds to finance the Project;

WHEREAS, to fund a portion of the construction costs of the Project, the District has determined to issue its \$_____ Last Frontier Healthcare District 2024 Bond Anticipation Notes (the “Notes”), in anticipation of the issuance of the USDA Take-Out Financing and the sale thereof to the USDA;

WHEREAS, it is anticipated that the USDA Take-Out Financing will pay the Notes at or prior to their maturity;

WHEREAS, in order to provide for the authentication and delivery of the Notes, to establish and declare the terms and conditions upon which the Notes are to be issued and secured and to secure the payment of the principal thereof 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 Notes, 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 of and the interest on the Notes 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 Notes 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 Notes 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 Notes, 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.

“Accountant” means Wipfli LLP, or any other independent certified public accountant or firm of such accountants selected by the District.

“Alternate Take-Out Financing” means long term financing obtained by the District, if possible, to pay the Notes at maturity in the event the USDA does not purchase the USDA Take-Out Financing.

“Authorized Representative” means, with respect to the District, the President of the Board, the Chief Executive Officer of the District, the Chief Finance Officer of the District, the Chief Operations Officer of the District or any other person designated as an Authorized Representative of the District by a Certificate of the District signed by the President of the Board, the Chief Executive Officer of the District, the Chief Finance Officer of the District or the Chief Operations Officer of the District and filed with the Trustee.

“Board” means the Board of Directors of the District.

“Book Value” means, when used in connection with Facilities or other property of the District, the value of such property, net of accumulated depreciation, as it is carried on the books of the District and in conformity with generally accepted accounting principles.

“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 or the City of San Francisco 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 the date on which the Notes 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 Notes or (except as otherwise referenced herein) as it may be amended to apply to obligations issued on the date of issuance of the Notes, together with applicable proposed, temporary and final regulations promulgated, and applicable official public guidance published, under the Code.

“Continuing Disclosure Certificate” means that certain Continuing Disclosure Certificate executed by the District dated as of the Closing Date, as it may be amended from time to time in accordance with the terms thereof.

“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 Notes, including but not limited to advertising and printing costs, costs of preparation and reproduction of documents, filing fees, initial fees and charges of the Trustee, legal fees, financial advisory fees and charges and any other cost, charge or fee in connection with the original delivery of the Notes.

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

“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 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.

“District” means Last Frontier Healthcare District, a local health care district duly organized and existing under the Law.

“Event of Default” means any of the events specified in Section 10.01 of this Indenture.

“Facilities” means (a) the real property owned by the District constituting the Modoc Medical Center located in Alturas, California, and all buildings, structures and fixtures thereon, and (b) all tangible personal property owned by the District and used on or about such property whether now existing or hereafter constructed, installed or acquired.

“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 any direct, non-callable general 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 and CATS and TGRS), or obligations the payment of principal of and interest on which are unconditionally guaranteed by the United States of America.

“*Fiscal Year*” means the period beginning on July 1 of each year and ending on the next succeeding June 30, or any other twelve-month period hereafter selected and designated as the official fiscal year period of the District.

“*Fitch*” means Fitch Ratings, its successors and their assigns, or, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, any other nationally recognized securities rating agency designated by the District.

“*Gross Revenue Fund*” means the fund by that name established pursuant to Section 5.02 of this Indenture.

“*Gross Revenues*” means all revenues, income, receipts, and money received and present and future accounts and general intangibles in any period by the District (other than donor-restricted gifts, grants, bequests, donations and contributions), including, but without limiting the generality of the foregoing: (a) gross revenues derived from its operation and possession of and pertaining to its properties, (b) proceeds with respect to, arising from, or relating to its properties and derived from (i) insurance (including business interruption insurance) or condemnation proceeds, (ii) accounts, including but not limited to, accounts receivable, (iii) securities and other investments, (iv) inventory and intangible property, (v) payment/reimbursement programs and agreements, and (vi) contract rights, accounts, instruments, claims for the payment of moneys and other rights and assets now or hereafter owned, held or possessed by or on behalf of the District, and (c) rentals received from the lease of the District’s properties or space in its facilities. Revenues do not include income from *ad valorem* taxes on real property securing the repayment of general obligation bonds or other Indebtedness of the District or the proceeds from the sale of any general obligation bonds secured by or based upon such *ad valorem* taxes.

“*Guaranty*” means all loan commitments and all obligations of the District guaranteeing in any manner whatever, whether directly or indirectly, any obligation of any other Person which would, if such other Person were the District, constitute Indebtedness.

“*Indebtedness*” means any Guaranty and any indebtedness or obligations for borrowed money of the District (other than accounts payable and accruals), as determined in accordance with generally accepted accounting principles, including obligations under conditional sales contracts or other title retention contracts and rental obligations under leases which are considered capital leases under generally accepted accounting principles. Notwithstanding the foregoing, “*Indebtedness*” shall not include general obligation bonded indebtedness payable from *ad valorem* taxes on real property.

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

“Information Services” means Financial Information, Inc.’s “Daily Called Note Service,” 30 Montgomery Street, 10th Floor, Jersey City, NJ 07302, Attention: Editor; Mergent/FIS, Inc., 5250–77 Center Drive, Charlotte, NC 28217, Attention: Called Note Dept.; Kenny S&P, 55 Water Street, New York, NY 10041, Attention: Notification Department; and, in accordance with then current guidelines of the Securities and Exchange Commission, to such other addresses and/or such other national information services providing information or disseminating notices of redemption of obligations similar to the Notes.

“Insurance Consultant” means BETA Healthcare Group, or any other Person (including the District’s insurance broker), having experience and a favorable reputation in consulting on the insurance requirements of health care facilities in the State of the general size and character of the facilities operated by the District, selected by the District.

“Interest Account” means the account by that name in the Revenue Fund established pursuant to Section 5.03 of this Indenture.

“Interest Payment Date” means June 1 and December 1 in each year, commencing December 1, 2024.

“Law” means, as applicable, Division 23 (commencing with section 32000) of the California Health and Safety Code, as now in effect and as it may from time to time hereafter be amended or supplemented, and 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.

“Moody’s” means Moody’s Investors Service, its successors and their assigns, or, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, any other nationally recognized securities rating agency designated by the District.

“Notes” means the \$ _____ Last Frontier Healthcare District (Modoc County, California) 2024 Bond Anticipation Notes, issued hereunder.

“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 the first purchaser of the Notes upon their authentication and delivery by the Trustee on the Closing Date.

“Outstanding,” when used as of any particular time with reference to Notes, means (subject to the provisions of Section 14.10 of this Indenture) all Notes theretofore, or thereupon being, authenticated and delivered by the Trustee under this Indenture except (a) Notes theretofore canceled by the Trustee or surrendered to the Trustee for cancellation; (b) Notes with respect to which all liability of the District shall have been discharged in accordance with Section 13.02 of this Indenture; and (c) Notes for the transfer or exchange of or in lieu of or in substitution for which other Notes shall have been authenticated and delivered by the Trustee pursuant to this Indenture.

“Owner,” whenever used herein with respect to a Note, means the person in whose name such Note is registered in the registration books of the Trustee.

“Permitted Encumbrances” means and includes:

(a) undetermined liens and charges incident to construction or maintenance, and liens and charges incident to construction or maintenance now or hereafter filed of record which are being contested in accordance with Section 7.02 of this Indenture;

(b) the lien of taxes and assessments which are not delinquent or, if delinquent, are being contested in accordance with Section 7.02 of this Indenture;

(c) minor defects and irregularities in the title to the Facilities which in the aggregate do not materially adversely affect the value or operation of the Facilities for the purposes for which they are or may reasonably be expected to be used;

(d) easements, exceptions or reservations for the purpose of pipelines, telephone lines, telegraph lines, power lines and substations, roads, streets, alleys, highways, railroad purposes, drainage and sewerage purposes, dikes, canals, laterals, ditches, the removal of oil, gas, coal or other minerals, and other like purposes, or for the joint or common use of real property, facilities and equipment, which in the aggregate do not materially interfere with or impair the operation of the Facilities for the purposes for which they are or may reasonably be expected to be used;

(e) rights reserved to or vested in any municipality or governmental or other public authority to control or regulate or use in any manner any portion of the Facilities which do not materially impair the operation of the Facilities for the purposes for which they are or may reasonably be expected to be used;

(f) any obligations or duties affecting any portion of the Facilities to any municipality or governmental or other public authority with respect to any rights, power, franchise, grant, license or permit;

(g) present or future valid zoning laws and ordinances;

(h) the rights of the Trustee under this Indenture;

(i) liens securing indebtedness for the payment, redemption or satisfaction of which money (or evidences of indebtedness) in the necessary amount shall have been deposited in trust with a trustee or other holder of such indebtedness;

(j) statutory rights of the United States of America to recover against the District by reason of federal funds made available under 42 U.S.C. §§291 *et seq.*, and similar rights under other federal and state statutes;

(k) statutory liens arising in the ordinary course of business which are not delinquent or are being contested in good faith by the District;

(l) liens, charges and encumbrances in existence on the Closing Date, for which there are none;

(m) the lease or license of the use of a part of the Facilities for use in performing professional or other services necessary for the proper and economical operation of the Facilities in accordance with customary business practices in the industry;

(n) purchase money security interests and capitalized lease obligations, provided the fair market value (as of the date of acquisition) of any asset so encumbered shall equal or exceed the amount of indebtedness so secured;

(o) liens secured by the District's accounts receivable; and

(p) any other lien or encumbrance provided that, at the option of the District, the aggregate Book Value or the aggregate fair market value (whichever is greater) of the property subject to all such liens and encumbrances incurred pursuant to this clause (p) does not exceed 10% of the aggregate Book Value or the aggregate fair market value (whichever is greater), respectively, of the Facilities of the District immediately preceding the creation of such lien or encumbrance.

"Permitted Investments" means the following, but only to the extent that the same are acquired at Fair Market Value:

(a) Federal Securities;

(b) debentures of the Federal Housing Administration to the extent such obligations are guaranteed by the full faith and credit of the United States of America;

(c) obligations of the following agencies which are not guaranteed by the United States of America: (i) participation certificates or debt obligations of the Federal Home Loan Mortgage Corporation; (ii) consolidated system-wide bonds and notes of the Farm Credit Banks (consisting of Federal Land Banks, Federal Intermediate Credit Banks and Banks for Cooperatives); (iii) consolidated debt obligations or letter of credit-backed issues of the Federal Home Loan Banks; (iv) mortgage-backed securities (excluding stripped mortgage securities which are valued greater than par on the portion of unpaid principal) or debt obligations of the Federal National Mortgage Association; or (v) letter of credit-backed issues or debt obligations of the Student Loan Marketing Association; provided, however, that not more than ten percent (10%) of the proceeds of the Notes may, in the aggregate, be invested in any such obligations at one time;

(d) Federal funds, negotiable certificates of deposit, time deposits and bankers acceptances (having maturities of not more than 180 days) of banks (including the Trustee and its affiliates) the short-term obligations of which are rated in one of the two highest Rating Categories by at least one nationally recognized rating agency;

(e) deposits (including those of the Trustee and its affiliates) which are fully insured by the Federal Deposit Insurance Corporation ("FDIC");

(f) debt obligations (excluding securities that do not have a fixed par value and/or whose terms do not promise a fixed dollar amount at maturity or call date) rated in one of the two highest Rating Categories by at least one nationally recognized rating agency;

(g) commercial paper (having original maturities of not more than 270 days) rated in one of the two highest Rating Categories by at least one nationally recognized rating agency;

(h) money market funds rated in one of the two highest Rating Categories by at least one nationally recognized rating agency, including funds for which the Trustee, its parent, affiliates or subsidiaries provide investment advisory or other management services, in which case it is agreed that the Trustee, its parent, affiliates or subsidiaries shall have the right to be paid its customary management fees in addition to its fees as Trustee hereunder;

(i) investment contracts or agreements issued or guaranteed by entities whose long-term debt or claims paying ability of which are rated in one of the two highest long-term rating categories of Fitch, Moody's or S&P;

(j) repurchase agreements or investment agreements issued by banks, broker/dealers or other financial institutions fully secured by obligations listed in paragraphs (a), (b) or (c) of this definition having a market value at least equal to 105% of face amount of the agreement and possession of which obligations is held or controlled by the Trustee, the District or by a third party satisfactory to the District under arrangements satisfactory to the District, as the case may be; and

(k) the Local Agency Investment Fund of the State, created pursuant to Section 16429.1 of the California Government Code, to the extent the Trustee is authorized to register such investment in its name.

"Person" means a corporation, firm, association, partnership, trust, or other legal entity or group of entities, including a governmental entity or any agency or political subdivision thereof.

"Principal Account" means the account by that name in the Revenue Fund established pursuant to Section 5.03 of this Indenture.

"Principal Corporate Trust Office" or *"principal corporate trust office"* means _____, or such other or additional offices as may be specified to the District by the Trustee except that with respect to presentation of Notes for payment or for registration of transfer and exchange such term shall mean the office or agency of the Trustee at which, at any particular time, its corporate trust agency business shall be conducted.

"Project Fund" means the fund by that name established pursuant to Section 3.04 of this Indenture.

"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.

"Redemption Fund" means the fund by that name established pursuant to Section 5.06 of this Indenture.

"Redemption Price" means, with respect to any Note (or portion thereof) the principal amount of such Note (or portion) payable upon redemption thereof pursuant to the provisions of such Note and this Indenture.

"Renewal Notes" means bond anticipation notes issued by the District, if needed, to pay the Notes at maturity if the District is unable to secure the USD Take-Out Financing or Alternate Take-Out Financing.

"Revenue Fund" means the fund by that name established pursuant to Section 5.02(d) of this Indenture.

"S&P" means S&P Global Ratings, its successors and their assigns, or, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, any other nationally recognized securities rating agency designated by the District.

"Securities Depositories" means The Depository Trust Company, 55 Water Street, 50th Floor, New York, NY 10041-0099, Attention: Call Notification Department, Fax (212) 855-7232; and, in

accordance with then current guidelines of the Securities and Exchange Commission, such other addresses and/or such other securities depositories as the District may designate in a Certificate of the District delivered to the Trustee.

“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 Notes.

“State” means the State of California.

“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 hereunder.

“Total Revenues” means the sum of total net operating revenues, plus total non-operating revenues, as shown on the financial statements of the District, determined in accordance with generally accepted accounting principles, plus any investment income which is offset against interest expense in accordance with generally accepted accounting principles and as a result is not included in total operating revenues or non-operating revenues.

“Trustee” means Zions Bancorporation, 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 11.01 of this Indenture.

“USDA” means the United States Department of Agriculture—Rural Development.

“USDA Take-Out Financing” means the District bonds to be issued and sold to the USDA to permanent financing for the Project.

Section 1.02. Content of Certificates and Opinions. Every certificate or opinion provided for in this Indenture with respect to compliance with any provision hereof shall include (a) a statement that the person making or giving such certificate or opinion has read such provision and the definitions herein 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 need not certify to all of the matters required to be certified under any provision of this Indenture, but different officers, counsel may certify to different matters, respectively.

ARTICLE II
THE NOTES

Section 2.01. Authorization of Notes. The Board hereby authorizes the issuance of the Notes, which shall constitute special obligations of the District, for the purpose of providing funds to finance a portion of the Project. The Notes are hereby designated the "Last Frontier Healthcare District (Modoc County, California) 2024 Bond Anticipation Notes." The aggregate principal amount of Notes issued and Outstanding under this Indenture shall equal _____ dollars (\$_____). At any time after the execution of this Indenture, the District may execute and the Trustee shall authenticate and, upon the Written Request of the District, deliver the Notes. This Indenture constitutes a continuing agreement with the Trustee and the Owners from time to time of the Notes to secure the full payment of the principal of and interest on all the Notes, subject to the covenants, provisions and conditions herein contained.

Section 2.02. Terms of the Notes. The Notes shall be registered initially in the name of "Cede & Co.," as nominee of The Depository Trust Company as the initial Securities Depository, and shall be evidenced by one note in the total principal amount thereof. Registered ownership of the Notes, or any portion thereof, may not thereafter be transferred except as set forth herein.

The Notes shall be issued as fully registered notes in denominations of \$5,000 or any integral multiple thereof. The Notes shall be dated as of the Closing Date and interest thereon shall be payable semiannually on each Interest Payment Date. The Notes shall mature on December 1, 2025.

The principal of the Notes shall be payable in lawful money of the United States of America at the Principal Corporate Trust Office. Payment of the interest on any Note shall be made to the person whose name appears on the note registration books of the Trustee as the Owner thereof as of the Record Date for each Interest Payment Date, such interest to be paid by check or draft mailed on each Interest Payment Date to the Owner at his or her address as it appears on such registration books; provided that such interest shall be paid by wire transfer to any Owner of at least \$1,000,000 in aggregate principal amount of Notes if the Owner makes a written request of the Trustee prior to the Record Date for an Interest Payment Date specifying the account address in the United States.

The Notes shall bear interest from the Closing Date. Interest shall be calculated on the basis of a three hundred sixty (360) day year of twelve thirty (30) day months.

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

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

Section 2.03. Form of Notes. The Notes, 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 Notes. The Notes shall be executed in the name and on behalf of the District with the facsimile or manual signature of the President of the Board or the Chief Executive Officer of the District and attested by the facsimile or manual signature of the Secretary of the Board. The Notes 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 Notes shall cease to be such officer or officers of the District before the Notes so signed or attested shall have been authenticated or delivered by the Trustee or issued by the District such Notes 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 Note may be signed and attested on behalf of the District by such persons as at the actual date of execution of such Note shall be the proper officers of the District although at the nominal date of such Note any such person shall not have been such officer of the District.

Only such of the Notes as shall bear thereon a certificate of authentication substantially in the form set forth in Exhibit A attached hereto, 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 Notes so authenticated have been duly executed, authenticated and delivered hereunder and are entitled to the benefits of this Indenture.

Section 2.05. Transfer of Notes. Any Note may, in accordance with its terms, be transferred, upon the register required to be kept pursuant to the provisions of Section 2.07 of this Indenture, by the person in whose name it is registered, in person or by his or her duly authorized attorney, upon surrender of such Note for cancellation, accompanied by delivery of a written instrument of transfer, duly executed in a form acceptable to the Trustee.

Whenever any Note or Notes shall be surrendered for transfer, the District shall execute and the Trustee shall authenticate and deliver a new Note or Notes, of the same maturity and for a like aggregate principal amount of authorized denominations. The Trustee shall require the Owner requesting such transfer to pay any tax or other governmental charge required to be paid with respect to such transfer. The cost of printing Notes 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 the registration of the transfer or exchange of any Note during the period the Trustee selects Notes for redemption or any Note selected for redemption.

Section 2.06. Exchange of Notes. Notes 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 Notes of other authorized denominations of the same maturity; provided that the Trustee may refuse registration of transfer or exchange following the selection of Notes for redemption, or of any Note 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 Notes and any services rendered or expenses incurred by the Trustee in connection with any exchange shall be paid by the District.

Section 2.07. Note 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 Notes, which shall at all times be open to inspection by the District 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, Notes as hereinbefore provided.

Section 2.08. Temporary Notes. The Notes may be issued in temporary form exchangeable for definitive Notes when ready for delivery. Any temporary Note 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 Note may be in the form of a single Note payable in installments, each on the date, in the amount and at the rate of interest established for the Notes. Every temporary Note shall be executed by the District and authenticated by the Trustee upon the same conditions and in substantially the same manner as the definitive Notes. If the District issues temporary Notes it will execute and deliver definitive Notes as promptly thereafter as practicable, and thereupon the temporary Notes 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 Notes an equal aggregate principal amount of definitive Notes of authorized denominations of the same maturity. Until so exchanged, the temporary Notes shall be entitled to the same benefits under this Indenture as definitive Notes authenticated and delivered hereunder.

Section 2.09. Notes Mutilated, Lost, Destroyed or Stolen. If any Note shall become mutilated, the District, at the expense of the Owner of said Note, shall execute, and the Trustee shall thereupon authenticate and deliver, a new Note of like tenor in exchange and substitution for the Note so mutilated, but only upon surrender to the Trustee of the Note so mutilated. Every mutilated Note so surrendered to the Trustee shall be canceled by it and delivered to, or upon the order of, the District. If any Note 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, at the expense of the Owner, shall execute, and the Trustee shall thereupon authenticate and deliver, a new Note of like tenor in lieu of and in substitution for the Note so lost, destroyed or stolen (or if any such Note shall have matured, instead of issuing a substitute Note, the Trustee may pay the same without surrender thereof upon receipt of indemnity satisfactory to the Trustee). The District may require payment of a sum not exceeding the actual cost of preparing each new Note issued under this Section 2.09 and of the expenses which may be incurred by the District and the Trustee in the premises. Any Note issued under the provisions of this Section 2.09 in lieu of any Note alleged to be lost, destroyed or stolen shall constitute an original additional contractual obligation on the part of the District whether or not the Note 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 Notes secured by this Indenture.

Section 2.10. CUSIP Numbers. The Trustee and the District shall not be liable for any defect or inaccuracy in the CUSIP number that appears on any Note, check, advise of payment or redemption notice and any such document may contain a statement to the effect that CUSIP numbers have been assigned by an independent service for convenience of reference and that neither the District nor the Trustee shall be liable for any inaccuracy in such numbers.

Section 2.11. Use of Depository. Notwithstanding any provision of this Indenture to the contrary:

(a) The Notes shall be initially registered in the name of "Cede & Co.," as nominee of The Depository Trust Company, the depository designated by the Original Purchaser, and shall be evidenced by one Note for each maturity, as set forth in Section 2.02 of this Indenture. Registered ownership of such Notes, or any portions thereof, may not thereafter be transferred except:

(i) to any successor of The Depository Trust Company or its nominee, or of any substitute depository designated pursuant to paragraph (ii) of this subsection (a) ("substitute depository"); provided that any successor of The Depository Trust Company or substitute depository shall be qualified under any applicable laws to provide the service proposed to be provided by it;

(ii) to any substitute depository designated in a Written Request of the District, upon (i) the resignation of The Depository Trust Company or its successor (or any substitute depository or its successor) from its functions as depository or (ii) a determination by the District that The Depository Trust Company or its successor is no longer able to carry out its functions as depository; provided that any such substitute depository shall be qualified under any applicable laws to provide the services proposed to be provided by it; or

(iii) to any person as provided below, upon (a) the resignation of The Depository Trust Company or its successor (or any substitute depository or its successor) from its functions as depository or (b) a determination by the District that The Depository Trust Company or its successor is no longer able to carry out its functions as depository; provided that no substitute depository which is not objected to by the District and the Trustee can be obtained.

(b) In the case of any transfer pursuant to paragraph (i) or paragraph (ii) of subsection (a) of this Section 2.11, upon receipt of all Outstanding Notes by the Trustee, together with a Request of the District to the Trustee, a single new Note shall be executed and delivered, registered in the name of such successor or such substitute depository or their nominees, as the case may be, all as specified in such Request of the District. In the case of any transfer pursuant to paragraph (iii) of subsection (a) of this Section 2.11, upon receipt of all Outstanding Notes by the Trustee together with a Request of the District, new Notes shall be executed and delivered in such denominations and registered in the names of such persons as are requested in a Request of the District provided the Trustee shall not be required to deliver such new Notes within a period less than sixty (60) days from the date of receipt of such Request of the District.

(c) In the case of partial redemption or an advance refunding of any Notes evidencing all of the principal maturing in a particular year, The Depository Trust Company shall deliver the Notes to the Trustee for cancellation and re-registration to reflect the amounts of such reduction in principal.

(d) The District and the Trustee shall be entitled to treat the person in whose name any Note is registered as the absolute owner thereof for all purposes of this Indenture and any applicable laws, notwithstanding any notice to the contrary received by the Trustee or the District; and the District and the Trustee shall have no responsibility for transmitting payments to, communication with, notifying or otherwise dealing with any beneficial owners of the Notes. Neither the District nor the Trustee will have any responsibility or obligations, legal or otherwise, to the beneficial owners or to any other party including The Depository Trust Company or its successor (or substitute depository or its successor), except for the registered owner of any Note.

(e) So long as all Outstanding Notes are registered in the name of Cede & Co. or its registered assign, the District and the Trustee shall reasonably cooperate with Cede & Co., as sole Owner, or its registered assign in effecting payment of the principal and interest due with respect to the Notes by arranging for payment in such manner that funds for such payments are properly identified and are made immediately available on the date they are due.

(f) So long as all Outstanding Notes are registered in the name of Cede & Co. or its registered assign (hereinafter, for purposes of this paragraph (f), the "Owner"):

(i) All notices and payments addressed to the Owners shall contain the Notes' CUSIP numbers.

(ii) Notices to the Owner shall be forwarded in the manner set forth in the form of Blanket Issuer Letter of Representations executed by the District and received and accepted by The Depository Trust Company.

ARTICLE III

ISSUANCE OF NOTES; APPLICATION OF PROCEEDS

Section 3.01. Issuance of Notes. 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 Notes in the aggregate principal amount of thirty-two million nine hundred fifty thousand dollars (\$_____).

Section 3.02. Application of Proceeds of Notes and Other Moneys.

(a) The proceeds received from the sale of the Notes in the amount of \$_____ (consisting of the par amount of the Notes of \$_____, less an underwriter's discount of \$_____ and plus/less an original issue premium/discount of \$_____), shall be deposited in trust with the Trustee, who shall forthwith set aside or apply such proceeds as follows:

(i) the Trustee shall deposit in the Project Fund the sum of \$_____;

(ii) the Trustee shall deposit in the Interest Account the sum of \$_____ representing a portion of the capitalized interest on the Notes through December 1, 2025; and

(iii) the Trustee shall deposit in the Costs of Issuance Fund the sum of \$_____.

(b) The Trustee may establish such temporary funds or accounts in its records as it may deem appropriate to facilitate such deposits and transfers.

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 Notes upon Requisition of the District stating the person to whom payment is to be made, which may be the District in the case of reimbursement for Costs of Issuance of the Notes theretofore paid by the District the amount to be paid, the purpose for which the obligation was incurred and that such payment is a proper charge against said fund. On the date three months after the date of issuance of the Notes, or upon earlier receipt of a Certificate of the District that amounts in said fund are no longer required for the payment of such Costs of Issuance, said fund shall be terminated and any amounts then remaining in said fund shall be transferred, at the option of the District as designated in writing to the Trustee, to the Project Fund, the Interest Account and applied the payment of the interest on the Notes or to the Redemption Fund and applied to the redemption of the Notes on the next succeeding date on which such Notes may be called for redemption, and the Costs of Issuance Fund shall be closed.

Section 3.04. Establishment and Application of Project Fund.

(a) The Trustee shall establish maintain and hold in trust a separate fund designated as the "Project Fund." Moneys in the Project Fund shall be used by the District to pay the costs of the Project.

(b) Before any payment from a Project Fund shall be made, the District shall file or cause to be filed with the Trustee a Requisition of the District stating (i) the name of the person to whom each such payment is due, which may be the District in the case of reimbursement for costs of the

Project theretofore paid by the District; (ii) the respective amounts to be paid; (iii) the purpose by general classification for which each obligation to be paid was incurred; and (iv) that each item thereof is a proper charge against the Project Fund and has not been previously paid from said account. The Trustee may conclusively rely on the accuracy of each such Requisition and shall have no duty or obligation to verify the content of any Requisition.

(c) When the Project shall have been completed, the District shall notify the Trustee of such completion. Any moneys remaining in said fund upon such notification shall be transferred and applied upon the written order of the District and the Project Fund shall be closed.

Section 3.05. Validity of Notes.

(a) The Board has reviewed all proceedings heretofore taken relative to the authorization of the Notes 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 Notes 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 Notes in the form and manner provided in this Indenture and the Notes shall be entitled to the benefit, protection and security of the provisions of this Indenture.

(b) From and after the issuance of the Notes the findings and determinations of the Board respecting the Notes 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 Notes is at issue, and no bona fide purchaser of any of the Notes 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 Notes. The recital contained in the Notes 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 Notes shall be incontestable from and after their issuance. The Notes shall be deemed to be issued, within the meaning of this Indenture, whenever the definitive Notes (or any temporary Notes exchangeable therefor) have been delivered to the purchaser thereof and the proceeds of sale thereof received.

ARTICLE IV

REDEMPTION OF BONDS

Section 4.01. Redemption. The Notes are subject to redemption prior to maturity at the option of the District as a whole on any date on and after December 1, __, from moneys deposited in the Redemption Fund at the principal amount thereof and interest accrued thereon to the date fixed for redemption, without premium.

Section 4.02. Notice of Redemption. The District shall give the Trustee written notice of its intention to redeem Notes pursuant to Section 4.01 no less than thirty (30) days prior to the proposed redemption. Notice of redemption shall be mailed by first class mail by the Trustee, not less than twenty (20) days prior to the redemption date (which redemption date shall not be less than sixty (60) days after notice of redemption shall have been delivered to the Trustee by the District), to (i) the respective Owners of any Notes designated for redemption at their addresses appearing on the bond registration books of the Trustee, (ii) the Securities Depositories, and (iii) one or more Information Services. Notice of redemption to the Securities Depositories shall be given by overnight delivery or facsimile transmission. Each notice of redemption shall state the date of such notice, the Notes to be redeemed, the date of issue of the Notes, the redemption date, the Redemption Price, the place or places of redemption (including the name and appropriate address or addresses of the Trustee), the CUSIP number (if any) and, if less than all Notes, the distinctive certificate numbers of the Notes to be redeemed. Each such notice shall also state that on said date there will become due and payable on each of said Notes the Redemption Price thereof, 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 Notes be then surrendered at the address or addresses of the Trustee specified in the redemption notice. CUSIP numbers will be provided in any such redemption for convenience of reference but neither the District nor the Trustee shall be liable for any inaccuracy in such numbers and any such inaccuracy shall not make any notice of redemption ineffective.

Any notice of optional redemption of Notes shall state that such redemption shall be conditional upon the receipt by the Trustee on the date fixed for redemption of moneys sufficient to pay in full the Redemption Price of such Notes (unless the Trustee shall be in receipt of such moneys at the time such notice is given). If such moneys shall not be so received, such notice of redemption shall be of no force and effect, the District shall not redeem such Notes and the Trustee shall give notice, in the manner in which the notice of redemption was given, that such moneys were not so received and that such redemption did not occur. In such event, the Trustee shall promptly return Notes which it has received to the Owners thereof.

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

Failure by the Trustee to give notice pursuant to this Section 4.02 to any one or more of the Information Services or Securities Depositories shall not affect the sufficiency of the proceedings for redemption. Failure by the Trustee to mail notice of redemption pursuant to this Section 4.02 to any one or more of the respective Owners of any Notes designated for redemption shall not affect the sufficiency of the proceedings for redemption with respect to the Owners to whom such notice was not mailed.

Section 4.03. Effect of Redemption. Notice of redemption having been duly given as aforesaid, and moneys for payment of the Redemption Price of, together with interest accrued to the redemption date on, the Notes so called for redemption being held by the Trustee, on the

redemption date designated in such notice, the Notes so called for redemption shall become due and payable at the Redemption Price specified in such notice as provided herein and interest accrued thereon to the redemption date, interest on the Notes so called for redemption shall cease to accrue, said Notes shall cease to be entitled to any benefit or security under this Indenture, and the Owners of said Notes shall have no rights in respect thereof except to receive payment of said Redemption Price and accrued interest.

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

ARTICLE V

SECURITY FOR THE NOTES; REVENUES

Section 5.01. Security for the Notes.

(a) The Notes are secured by a pledge of (i) Gross Revenues, including amounts required to pay interest on the Notes after the proceeds of the Notes deposited in the Interest Account constituting funded interest are depleted, and (ii) any amounts held in any fund or account established pursuant to this Indenture including, but not limited to, the proceeds of the Notes deposited in the Interest Account constituting funded interest.

(b) The Notes are payable from the proceeds of (i) the USDA Take-Out Financing, (ii) Alternate Take-Out Financing, or (iii) Renewal Notes.

Section 5.02. Pledge and Assignment: Gross Revenue Fund; Revenue Fund.

(a) Subject only to the provisions of this Indenture permitting the application thereof for the purposes and on the terms and conditions set forth herein, there are hereby pledged to secure the payment of the principal of and interest on the Notes in accordance with their terms and the provisions of this Indenture, any amounts held in any fund or account established pursuant to this Indenture. Said pledge shall constitute a lien on and security interest in such assets and shall attach, be perfected and be valid and binding from and after delivery by the Trustee of the Notes, without any physical delivery thereof or further act.

(b) The District agrees that, as long as any of the Notes remain Outstanding, all of the Revenues shall be deposited as soon as practicable upon receipt in a fund designated as the "Gross Revenue Fund" which the District shall establish and maintain, subject to the provisions of subsection (c) of this Section 5.02, at such banking institution or institutions as the District shall from time to time designate for such purpose (herein called the "Depository Bank(s)"). Subject only to the provisions of this Indenture permitting the application thereof for the purposes and on the terms and conditions set forth herein, the District hereby pledges, and to the extent permitted by law grants a security interest to the Trustee in, the Gross Revenue Fund and all of the Revenues to secure the payment of the principal of and interest or premium, if any, on the Notes and the performance by the District of its other obligations under this Indenture. The District and the Trustee shall execute and deliver such documents as may be necessary in order to perfect or maintain as perfected such security interest or give public notice thereof.

(c) Amounts in the Gross Revenue Fund may be used and withdrawn by the District at any time for any lawful purpose, except as hereinafter provided. In the event that the District is delinquent for more than one Business Day in the payment of any payment required under this Indenture, the Trustee shall notify the District and the Depository Bank(s) of such delinquency, and, unless any such payment is paid within ten days after receipt by the District of such notice, the District shall cause the Depository Bank(s) to transfer the Gross Revenue Fund to the name and credit of the Trustee. The Gross Revenue Fund shall continue to be held in the name and to the credit of the Trustee until the amounts on deposit in said fund are sufficient to pay in full (or have been used to pay in full) any such payments in default and until all other Events of Default known to the Trustee shall have been made good or cured to the satisfaction of the Trustee or provision deemed by the Trustee to be adequate shall have been made therefor, whereupon the Gross Revenue Fund (except for the Revenues required to make such payments or cure such defaults) shall be returned to the name and credit of the District. During any period that the Gross Revenue Fund is held in the name and to the credit of the Trustee, the Trustee shall use and

withdraw from time to time amounts in said fund, to make the payments required of the District under this Indenture as such payments become due (whether by maturity, redemption, acceleration or otherwise), and, if such amounts shall not be sufficient to pay in full all such payments due on any date, then to the payment of debt service on the Notes, according to the amounts due for such debt service, without any discrimination or preference, or to such other payments in the order which the Trustee, in its discretion, shall determine to be in the best interests of the owners of the Notes. During any period that the Gross Revenue Fund is held in the name and to the credit of the Trustee, the District shall not be entitled to use or withdraw any of the Revenues unless (and then only to the extent that) the Trustee directs the Depository Bank(s) to disburse amounts in the Gross Revenue Fund for the payment of current or past due operating expenses of the District; *provided, however*, that the District shall be entitled to use or withdraw any amounts in the Gross Revenue Fund which do not constitute Revenues. The District agrees to execute and deliver all instruments as may be required to implement this Section 5.02. The District further agrees that a failure to comply with the terms of this Section 5.02 shall cause irreparable harm to the owners from time to time of the Notes, and shall entitle the Trustee, with or without notice, to take immediate action to compel the specific performance of the obligations of the District as provided in this Section 5.02(c).

(d) On or before the fifteenth (15th) day of each May and November, commencing November 15, 2024, and as long as any of the Notes remain Outstanding, the District shall pay to the Trustee for deposit in the "Revenue Fund" which the Trustee shall establish, maintain and hold in trust, the amount of interest becoming due and payable on the next ensuing Interest Payment Date on all Notes then Outstanding, until the balance in said account is equal to said aggregate amount of interest (provided that, until November 15, 2025, the proceeds of the Notes deposited in the Interest Account as provided in Section 3.02(a)(ii), shall be applied to satisfy such obligation of the District) and on or prior to November 15, 2025, the District shall pay to the Trustee for deposit in the Revenue Fund the amount of principal becoming due and payable December 1, 2025, derived from the proceeds of the USDA Take-Out Financing, the proceeds of Alternate Take-Out Financing, the proceeds of Renewal Notes or from available moneys of the District, if any.

(e) If five days prior to an Interest Payment Date or principal payment date with respect to the Notes the Trustee has not received moneys sufficient to make the transfers and deposits required in this Indenture, the Trustee shall immediately notify the District of such insufficiency by telephone or facsimile delivery and confirm such notification by written notice.

Section 5.03. Allocation of Revenues. On or before the twenty-fifth (25th) day of each month preceding an Interest Payment Date or the maturity date of the Notes, the Trustee shall transfer from the Revenue Fund and deposit into the following respective accounts (each of which the Trustee shall establish and maintain within the Revenue Fund), the following amounts, in the following order of priority, the requirements of each such account (including the making up of any deficiencies in any such account resulting from lack of Revenues sufficient to make any earlier required deposit) at the time of deposit to be satisfied before any transfer is made to any account subsequent in priority in an amount equal to the aggregate amount then due:

First: to the Interest Account, the aggregate amount of interest becoming due and payable on the next ensuing Interest Payment Date on all Notes then Outstanding (provided that, until November 25, 2025, the proceeds of the Notes deposited in the Interest Account as provided in Section 3.02(a)(ii), shall be applied to satisfy such required amount); and

Second: to the Principal Account, the aggregate amount of principal becoming due and payable on the maturity date of the Notes; and

Any moneys remaining in the Revenue Fund after the foregoing transfers shall be transferred to the District.

Section 5.04. Application of Interest Account. All amounts in the Interest Account shall be used and withdrawn by the Trustee solely for the purpose of paying interest on the Notes as it shall become due and payable (including accrued interest on any Notes purchased or redeemed prior to maturity pursuant to this Indenture).

Section 5.05. Application of Principal Account. All amounts in the Principal Account shall be used and withdrawn by the Trustee solely for the purposes of paying the principal of the Notes at maturity.

Section 5.06. Application of Redemption Fund. The Trustee shall establish and maintain within the Redemption Fund (which the Trustee shall establish, maintain and hold in trust). All amounts deposited in the Redemption Fund shall be used and withdrawn by the Trustee solely for the purpose of redeeming Notes, in the manner and upon the terms and conditions specified in Article IV, at the next succeeding date of redemption for which notice has been given and at the Redemption Price then applicable; provided that, at any time prior to the selection of Notes for redemption, the Trustee may apply such amounts to the purchase of Notes at public or private sale, as and when and at such prices (including brokerage and other charges, but excluding accrued interest, which is payable from the Interest Account) as the Trustee may be directed by the District, except that the purchase price (exclusive of accrued interest) may not exceed the Redemption Price then applicable to such Notes.

Section 5.07. USDA Take-Out Financing. The proceeds of the USDA Take-Out Financing shall be applied to the payment of the principal of the Notes at maturity or upon the prior optional redemption thereof.

Section 5.08. Alternate Take-Out Financing; Renewal Notes. If, on the date ninety (90) days prior to the maturity date of the Notes, the District determines that the USDA Take-Out Financing will not be available to pay the principal of the Notes at maturity, the District shall immediately make its best efforts to secure Alternate Take-Out Financing. If the District determines that the Alternate Take-Out Financing will not be available to pay the principal of the Notes at maturity, the District shall immediately make its best efforts to issue and sell Renewal Notes.

Section 5.10. Investment of Moneys in Funds and Accounts. All moneys in any of the funds and accounts held by the Trustee and established pursuant to this Indenture shall be invested by the Trustee, upon Request of the District, solely in Permitted Investments. Permitted Investments may be purchased at such prices as the Trustee may be directed by the District. All Permitted Investments shall be acquired subject to the limitations set forth in Section 5.11 of this Indenture, the limitations as to maturities hereinafter in this Section 5.10 set forth and such additional limitations or requirements consistent with the foregoing as may be established by Request of the District. In the absence of any Request of the District to invest, the Trustee shall invest in those Permitted Investments described in clause (h) of the definition thereof.

Prior to the completion of the Project, all interest, profits and other income received from the investment of moneys in any fund or account shall be deposited when received in the Project Fund. Thereafter, all interest, profits and other income received from the investment of moneys in any fund or account shall be deposited when received in the Revenue Fund. Notwithstanding anything to the contrary contained in this paragraph, an amount of interest received with respect to any Permitted Investment equal to the amount of accrued interest, if any, paid as part of the

purchase price of such Permitted Investment shall be credited to the fund or account from which such accrued interest was paid.

Permitted Investments acquired as an investment of moneys in any fund or account established under this Indenture shall be credited to such fund or account.

The Trustee may commingle any of the funds or accounts established pursuant to this Indenture into a separate fund or funds for investment purposes only, provided that all funds or accounts held by the Trustee hereunder shall be accounted for separately as required by this Indenture. The Trustee may act as principal or agent in the making or disposing of any investment. The Trustee may sell, or present for redemption, any Permitted Investments so purchased whenever it shall be necessary to provide moneys to meet any required payment, transfer, withdrawal or disbursement from the fund or account to which such Permitted Investment is credited, and the Trustee shall not be liable or responsible for any loss resulting from such investment.

The District acknowledges that, to the extent regulations of the Comptroller of the Currency or other applicable regulatory entity grant the District the right to receive brokerage confirmations of security transactions as they occur, the District specifically waives receipt of such confirmations to the extent permitted by law. The Trustee will furnish the District monthly cash transaction statements which include detail for all investment transactions made by the Trustee hereunder.

The Trustee or any of its affiliates may act as sponsor, advisor or manager in connection with any investments made by the Trustee hereunder.

Section 5.11. Acquisition, Disposition and Valuation of Investments by the District. The District covenants that all investments of amounts deposited in any fund or account created by or pursuant to this Indenture, or otherwise containing gross proceeds of the Notes (within the meaning of section 148 of the Code) shall be acquired, disposed of, and valued at fair market value. In making any valuations of investments hereunder, the Trustee may utilize and rely upon securities pricing services, including those within its regular accounting system.

ARTICLE VI

DISTRICT COVENANTS

Section 6.01. Consolidation; Merger; Sale or Transfer Under Certain Conditions. The District covenants and agrees that it will not dissolve, sell or otherwise dispose of all or substantially all of its assets or consolidate with or merge into another Person or permit one or more other Persons to consolidate with or merge into it; provided, that the District may, without violating the covenants contained in this Section 6.01, consolidate with or merge into another Person, or permit one or more other Persons to consolidate with or merge into it, or sell or otherwise transfer to another Person all or substantially all of its assets as an entirety and thereafter dissolve, if:

(a) the surviving, resulting or transferee Person, as the case may be:

(i) assumes in writing, if such Person is not the District, all of the obligations of the District under this Indenture and agrees to fulfill and comply with the terms, covenants and conditions hereof; and

(ii) is not, after such transaction, otherwise in default under any provision of this Indenture; and

(b) the Trustee shall have received an Opinion of Counsel who shall be experienced in matters relating to the tax-exempt status of interest on obligations of the same general type as the Notes, to the effect that such merger, consolidation, sale or other transfer will not cause the interest on the Notes to be includable in gross income for purposes of federal income taxation under the Code.

If a merger, consolidation, sale or other transfer is effected, as provided in this Section 6.01, the provisions of this Section 6.01 shall continue in full force and effect, and no further merger, consolidation, sale or transfer shall be effected except in accordance with the provisions of this Section 6.01.

Section 6.02. Licensing. The District covenants and agrees to use its best efforts (as long as it is in the best interests of the District) to (a) maintain all permits, licenses and other governmental approvals necessary for the operation of the Facilities as a health care institution, and (b) maintain its qualification for participation in and payment under private insurance programs having broad application and federal, state and local governmental programs providing for payment or reimbursement for services rendered.

Section 6.03. Limitation on Encumbrances. The District covenants and agrees that it will not create, assume or suffer to exist any mortgage, deed of trust, pledge, security interest, encumbrance, lien or charge of any kind (including the charge upon property purchased under conditional sales or other title retention agreements) (a "security interest") upon the Facilities, unless the obligations of the District under this Indenture shall be secured prior to or equally and ratably with any indebtedness or other obligation secured by such security interest; and the District further agrees that if such a security interest is created or assumed by the District, it will make or cause to be made effective a provision whereby the obligations of the District under this Indenture will be secured prior to or equally and ratably with such indebtedness or other obligation secured by such security interest; *provided, however,* that notwithstanding the foregoing provision, the District may create, assume or suffer to exist Permitted Encumbrances.

Section 6.05. Limitation on Additional Indebtedness. From and after the delivery of this Indenture, the District covenants and agrees that it will not incur any additional Indebtedness however, that the District may incur the USDA Take-Out Financing, the Alternate Take-Out Financing or the Renewal Notes.

Section 6.06. Accounting Records and Financial Statements.

(a) The District covenants and agrees at all times to keep, or cause to be kept, proper books of record and account, prepared in accordance with generally accepted accounting principles in which complete and accurate entries shall be made of all transactions of or in relation to the business, properties and operations of the District, including, without limitation, operations of the Facilities and the Gross Revenue Fund. Such books of record and account shall be available for inspection by the Trustee (who shall have no duty to inspect) at reasonable hours and under reasonable circumstances.

(b) The District further covenants and agrees to furnish the Trustee within two hundred and seventy (270) days after the end of each Fiscal Year, copies of such audited financial statements for such Fiscal Year together with the report and opinion of an Accountant stating that the financial statements have been prepared in accordance with generally accepted accounting principles and that such accountant's examination of the financial statements was performed in accordance with generally accepted auditing standards and a Statement of the chief financial officer of the District stating that no event which constitutes an Event of Default or which with the giving of notice or the passage of time or both would constitute an Event of Default has occurred and is continuing as of the end of such Fiscal Year, or specifying the nature of such event and to actions taken and proposed to be taken by the District to cure such default. The Trustee shall have no duty to review such financial statements.

(c) The District further covenants and agrees to furnish, upon request of any Owner of Notes in the principal amount of \$1,000,000 or more, copies of the District's quarterly financial statements.

Section 6.07. Limitation on Disposition of Facilities. The District covenants and agrees that, during the term of the Notes it will not sell, lease or otherwise dispose of any part of its Facilities.

Section 6.08. Disposition of Liquid Assets. The District covenants and agrees that it will not dispose of any cash or cash equivalents unless:

(a) Such disposition is in the ordinary course of business; or

(b) The Trustee receives a Certificate of the District to the effect that such disposition and all other dispositions by the District in the then-current Fiscal Year pursuant to this subsection (b) do not exceed 4% of the Total Revenues for the most recent Fiscal Year for which audited financial statements are available.

Nothing herein shall prohibit the District from making secured or unsecured loans provided that any such loan (i) is evidenced in writing, (ii) the Trustee receives a Certificate of the District stating that (A) the District reasonably expects such loan to be repaid, in cash or in kind, and (B) such loan bears interest at a reasonable rate of interest as determined in good faith by the District, and (iii) such loans do not exceed 5% of the Total Revenues of the District.

Section 6.09. No Arbitrage. The District shall not take, or permit or suffer to be taken by the Trustee or otherwise, any action with respect to the proceeds of the Notes which, if such action had been reasonably expected to have been taken, or had been deliberately and intentionally

taken, on the date of issuance of the Notes would have caused the Notes to be “arbitrage bonds” within the meaning of section 148 of the Code.

Section 6.10. Private Activity Note Limitation. The District shall assure that the proceeds of the Notes are not so used as to cause the Notes to satisfy the private business tests of section 141(b) of the Code or the private loan financing test of section 141(c) of the Code.

Section 6.11. Federal Guarantee Prohibition. The District shall not take any action or permit or suffer any action to be taken if the result of the same would be to cause any of the Notes to be “federally guaranteed” within the meaning of section 149(b) of the Code.

Section 6.12. Rebate Requirement. The District shall take any and all actions necessary to assure compliance with section 148(f) of the Code, relating to the rebate of excess investment earnings, if any, to the federal government, to the extent that such section is applicable to the Notes.

Section 6.13. Maintenance of Tax-Exemption. The District shall take all actions necessary to assure the exclusion of interest on the Notes from the gross income of the Owners of the Notes to the same extent as such interest is permitted to be excluded from gross income under the Code as in effect on the date of issuance of the Notes.

Section 6.14. Continuing Disclosure. The District hereby covenants and agrees that it will comply with and carry out all of the provisions of the Continuing Disclosure Certificate. Notwithstanding any other provision of this Indenture, failure of the District to comply with the Continuing Disclosure Certificate shall not be an Event of Default nor a breach of any duty of the Trustee hereunder. However, any Participating Underwriter or any holder or beneficial owner of the Notes may take such actions as may be necessary and appropriate, including seeking specific performance by court order, to cause the District to comply with its obligations under this Section 6.14.

Section 6.15. Further Assurances. The District will adopt, make, execute and deliver any and all such further resolutions, instruments and assurances as may be reasonably necessary or proper to carry out the intention or to facilitate the performance of this Indenture, and for the better assuring and confirming unto the Owners of the Notes the rights and benefits provided in this Indenture.

ARTICLE VII

MAINTENANCE, TAXES, INSURANCE AND CONDEMNATION

Section 7.01. Maintenance and Operation of the Facilities. The District covenants and agrees that it will operate and maintain the Facilities in accordance with all governmental laws, ordinances, approvals, rules, regulations and requirements including, without limitation, such zoning, sanitary, pollution and safety ordinances and laws and such rules and regulations thereunder as may be binding upon the District. The District further covenants and agrees that it will maintain and operate the Facilities as a health care institution and will maintain and operate the same, and all engines, boilers, pumps, machinery, apparatus, fixtures, fittings and equipment of any kind in or that shall be placed in any building or structure now or hereafter at any time constituting part of the Facilities, in good repair, working order and condition, and that it will from time to time make or cause to be made all needful and proper replacements, repairs, renewals and improvements in each case to the extent necessary so that the efficiency and value of the Facilities shall not be impaired.

Section 7.02. Taxes, Assessments, Other Governmental Charges and Utility Charges. The District covenants and agrees that it will pay and discharge all taxes, assessments, governmental charges of any kind whatsoever, water rates, meter charges and other utility charges which may be or have been assessed or which may have become liens upon the Facilities, the Revenues or the interests therein of the Trustee or of the Owners of the Notes, and will make such payments or cause such payments to be made, respectively, in due time to prevent any delinquency thereon or any forfeiture or sale of the Facilities or any part thereof, and upon request; *provided, however,* that the District may, at its expense and in its own name and behalf or in the name and behalf of the Trustee, if the Trustee is a necessary party thereto, sue for a refund of any such taxes, assessments, and other charges previously paid as herein provided, or in good faith contest any such taxes, assessments and other charges and, in the event of any such contest, may permit the taxes, assessments or other charges contested to remain unpaid during the period of such contest and any appeal therefrom unless or until the Trustee notifies the District that, or unless or until the District knows that, by nonpayment of any such items the title to or operation of the Facilities or the lien of this Indenture as to Revenues will be materially endangered or the Facilities, or any material part thereof, will be subject to imminent loss or forfeiture, in which case such taxes, assessments or charges shall be paid promptly.

Section 7.03. Insurance Required.

(a) The District covenants and agrees that it will keep the Facilities and all of its operations adequately insured at all times and carry and maintain such insurance in amounts which are customarily carried (including professional liability insurance with a minimum coverage of \$3,000,000 per occurrence or claim and \$3,000,000 in the aggregate), subject to customary deductibles, and against such risks as are customarily insured against by other entities in connection with the ownership and operation of facilities of similar character and size.

(b) The District shall employ an Insurance Consultant at least once every 24 months to review the insurance requirements of the District. If the Insurance Consultant makes recommendations for the increase (or decrease of the amount of professional liability insurance specified in subsection (a)) of the District's insurance coverage, the District shall revise or cause to be revised such coverage in accordance with such recommendations, subject to a good faith determination of the Board that such recommendations, in whole or in part, are in the best interests of the District. In lieu of maintaining insurance coverage, the District shall have the right

to adopt alternative risk management programs which the Board determines to be reasonable, including, without limitation, to self-insure in whole or in part individually or in connection with other institutions, to participate in programs of captive insurance companies, to participate with other health care institutions in mutual or other cooperative insurance or other risk management programs, to participate in state or federal insurance programs, to take advantage of state or federal laws now or hereafter in existence limiting medical and malpractice liability, or to establish or participate in other alternative risk management programs; all as may be approved, in writing, as reasonable and appropriate risk management by the Insurance Consultant and reviewed each two years thereafter.

Section 7.04. Workers' Compensation and Insurance Law. The District will at all times comply to the extent required by law with the Workers' Compensation and Insurance Law of the State, or any successor statute or statutes.

Section 7.05. Insurers; Policy Forms and Loss Payees. Each insurance policy maintained by the District shall be carried by its current insurance provider as of the date hereof or any stock, reciprocal or mutual insurance companies authorized to do business in the State or are subject to service of process therein, and which are financially responsible and capable of fulfilling the requirements of such policies. All such policies (except liability policies and workers' compensation policies) shall name the Trustee as an additional insured party, beneficiary or loss payee as its interest may appear. Each policy shall be in such form and contain such provisions as are generally considered standard for the type of insurance involved. In lieu of separate policies, the District may maintain blanket policies which cover any one or more risks required to be insured against so long as the minimum coverages required herein are met. The District shall file within two hundred seventy (270) days after the end of each Fiscal Year with the Trustee a Certificate stating that the District has complied with the insurance requirements under this Indenture.

Section 7.06. Disposition of Insurance and Condemnation Proceeds. The proceeds of insurance maintained by the District against loss or damage by fire, lightning, vandalism, malicious mischief and all other risks covered by the extended coverage insurance endorsement then in use in the State or against loss or damage by risks covered by builders' risk insurance, and the proceeds of any condemnation awards with respect to the Facilities, shall be paid immediately upon receipt to the District to repair or replace the property damaged, destroyed or taken.

ARTICLE VIII

REPRESENTATIONS AND WARRANTIES OF THE DISTRICT

Section 8.01. Representations and Warranties of the District. The District makes the following representations and warranties to the Trustee that as of the date of the execution of this Indenture:

(a) The District is a local health care district duly organized and existing under the laws of the State, has full legal right, power and authority to enter into this Indenture and to carry out and consummate all transactions contemplated by this Indenture, and by proper legislative action has duly authorized the execution and delivery of this Indenture.

(b) The officers of the District executing this Indenture are duly and properly in office and fully authorized to execute the same.

(c) This Indenture has been duly authorized, executed and delivered by the District, and, if executed by the Trustee, constitutes the legal, valid and binding agreement of the District with the Trustee for the benefit of the Owners of the Notes; except, in all cases, as may be limited by bankruptcy, insolvency, moratorium and other similar laws affecting creditors' rights generally and to the application of equitable principles if equitable remedies are sought.

(d) The execution and delivery of this Indenture, the consummation of the transactions herein contemplated and the fulfillment of or compliance with the terms and conditions hereof will not in any material respect conflict with or constitute a violation or breach of or default (with due notice or the passage of time or both) to the knowledge of the District, after reasonable inquiry and investigation, with any applicable law or administrative rule or regulation, or any applicable court or administrative decree or order, or any indenture, trust agreement, mortgage, deed of trust, loan agreement, lease, contract or other agreement or instrument to which the District is a party or by which it or its properties are otherwise subject or bound, or result in the creation or imposition of any prohibited lien, charge or encumbrance of any nature whatsoever upon any of the property or assets of the District.

(e) No consent or approval of any trustee, holder of any indebtedness of the District or any other Person, and no consent, permission, authorization, order or license of, or filing or registration with, any governmental authority (other than approvals required to be obtained subsequent to the date hereof with respect to the Project) is necessary in connection with the execution and delivery of this Indenture, the consummation of any transaction herein contemplated, or the fulfillment of or compliance with the terms and conditions hereof, except as have been obtained or made and as are in full force and effect.

(f) There is no action, suit, proceeding, inquiry or investigation, before or by any court or federal, state, municipal or other governmental authority, pending, or to the knowledge of the District, after reasonable inquiry and investigation, threatened against or affecting the District or the assets, properties or operations of the District which, if determined adversely to the District or its interests, could have a material adverse effect upon the consummation of the transactions contemplated by or the fulfillment or compliance with the terms and conditions of or the validity or enforceability of this Indenture or upon the financial condition, assets, properties or operations of the District, and the District is not in default (and no event has occurred and is continuing which with the giving of notice or the passage of time or both would constitute a default) with respect to any order or decree of any court or any order, regulation or express demand of any federal, state, municipal or other governmental authority which default might have consequences

that would materially and adversely affect the consummation of the transactions contemplated by this Indenture or the financial condition, assets, properties or operations of the District or its properties. All tax returns (federal, state and local) required to be filed by or on behalf of the District have been filed, and all taxes shown thereon to be due, including interest and penalties, except such, if any, that are being actively contested by the District in good faith, have been paid or adequate reserves have been made for the payment thereof, which reserves, if any, are reflected in the financial statements described in subsection (g) of this Section 8.01. The District enjoys the peaceful and undisturbed possession of all the premises upon which it is operating health care facilities.

(g) The audited financial statements of the District at June 30, 2022, for the year ended on such date fairly present the financial position of the District at June 30, 2022, and the results of operations for the year ended on such date, with such exceptions as may be disclosed therein, and since June 30, 2022, there has been no material adverse change in the financial condition or results of operations of the District or otherwise, except as disclosed in the official statement relating to the Notes.

(h) No information, exhibit or report furnished by the District in connection with the execution of this Indenture (including, without limitation, information pertaining to the District in the official statement relating to the Notes) contains any untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

ARTICLE IX

PARTICULAR COVENANTS

Section 9.01. Punctual Payment. The District shall punctually pay or cause to be paid the principal or Redemption Price and interest to become due in respect of all the Notes, in strict conformity with the terms of the Notes and of this Indenture, according to the true intent and meaning thereof, but only out of Revenues and other assets pledged for such payment as provided in this Indenture.

Section 9.02. Extension of Payment of Notes. The District shall not directly or indirectly extend or assent to the extension of the maturity of any of the Notes or the time of payment of any or claims for interest by the purchase or funding of such Notes or claims for interest or by any other arrangement and in case the maturity of any of the Notes or the time of payment of any such claims for interest shall be extended, such Notes or claims for interest shall not be entitled, in case of any default hereunder, to the benefits of this Indenture, except subject to the prior payment in full of the principal all of the Notes then Outstanding and of all claims for interest thereon which shall not have been so extended. Nothing in this Section 9.02 shall be deemed to limit the right of the District to issue bonds for the purpose of refunding any Outstanding Notes, and such issuance shall not be deemed to constitute an extension of maturity of Notes.

Section 9.03. Accounting Records and Financial Statements Relating to the Notes. The Trustee shall at all times keep, or cause to be kept, proper books of record and account, prepared in accordance with the Trustee's accounting practices for books of record and account relating to similar trust accounts, in which sufficient entries shall be made of all transactions relating to the proceeds of Notes and all funds and accounts established pursuant to this Indenture and held by the Trustee. Such books of record and account shall be available for inspection by the District and any Owner, or his agent or representative duly authorized in writing, upon prior written notice and at reasonable hours and under reasonable circumstances.

Section 9.04. Waiver of Laws. The District shall not at any time insist upon or plead in any manner whatsoever, or claim or take the benefit or advantage of, any stay or extension law now or at any time hereafter in force that may affect the covenants and agreements contained in this Indenture or in the Notes, and all benefit or advantage of any such law or laws is hereby expressly waived by the District to the extent permitted by law.

ARTICLE X

EVENTS OF DEFAULT AND REMEDIES OF BONDOWNERS

Section 10.01. Events of Default. The following events shall be Events of Default:

(a) default in the due and punctual payment of the principal of any Note when and as the same shall become due and payable, whether at maturity as therein expressed, by proceedings for redemption, by declaration or otherwise;

(b) default in the due and punctual payment of any installment of interest on any Note when and as such interest installment shall become due and payable;

(c) if any representation or warranty made by the District in this Indenture or in any document, instrument or certificate furnished to the Trustee or to the Original Purchaser in connection with the execution and delivery of the Notes shall at any time prove to have been incorrect in any material respect as of the time made;

(d) default by the District in the observance of any of the covenants, agreements or conditions on its part in this Indenture or in the Notes contained (other than as referred to in subsections (a) or (b) of this Section 10.01), if such default shall have continued for a period of sixty (60) consecutive days after written notice thereof, specifying such default and requiring the same to be remedied, shall have been given to the District by the Trustee, or to the District and the Trustee by the Owners of not less than twenty-five percent (25%) in aggregate principal amount of the Notes at the time Outstanding;

(e) if a final judgment for the payment of money in excess of one million dollars (\$1,000,000) (not covered by insurance) shall be rendered against the District and the same shall remain undischarged for a period of sixty (60) calendar days during which the execution of such judgment shall not be effectively stayed;

(f) if the District files a petition in voluntary bankruptcy, for the composition of its affairs or for its corporate reorganization under any state or federal bankruptcy or insolvency law, or makes an assignment for the benefit of creditors, or admits in writing to its insolvency or inability to pay debts as they mature, or consents in writing to the appointment of a trustee or receiver for itself;

(g) if a court of competent jurisdiction shall enter an order, judgment or decree declaring the District an insolvent or adjudging it bankrupt, or appointing a trustee or receiver of the District, or approving a petition filed against the District seeking reorganization of the District under any applicable bankruptcy or insolvency law or statute of the United States of America or any state thereof, and such order, judgment or decree shall not be vacated or set aside or stayed within sixty (60) calendar days from the date of the entry thereof; or

(h) if, under the provisions of any other law for the relief or aid of debtors, any court of competent jurisdiction shall assume custody or control of the District, and such custody or control shall not be terminated within sixty (60) calendar days from the date of assumption of such custody or control.

Section 10.02. Acceleration of Maturities. If an Event of Default shall occur, then, and in each and every such case during the continuance of such Event of Default, the Trustee or the Owners of not less than a majority in aggregate principal amount of the Notes at the time

Outstanding shall be entitled, upon notice in writing to the District, to declare the principal of all of the Notes then Outstanding, and the interest accrued thereon, to be due and payable immediately, and upon any such declaration the same shall become and shall be immediately due and payable, anything in this Indenture or in the Notes contained to the contrary notwithstanding.

Any such declaration, however, is subject to the condition that if, at any time after such declaration and before any judgment or decree for the payment of the moneys due shall have been obtained or entered, the District shall deposit with the Trustee a sum sufficient to pay all the principal or Redemption Price of and installments of interest on the Notes payment of which is overdue, with interest on such overdue principal at the rate borne by the respective Notes, and the reasonable charges and expenses of the Trustee, and any and all other defaults known to the Trustee (other than in the payment of principal of and interest on the Notes due and payable solely by reason of such declaration) shall have been made good or cured to the satisfaction of the Trustee or provision deemed by the Trustee to be adequate shall have been made therefor, then, and in every such case, the Owners of not less than a majority in aggregate principal amount of the Notes then Outstanding, by written notice to the District and the Trustee, or the Trustee if such declaration was made by the Trustee, may, on behalf of the Owners of all of the Notes, rescind and annul such declaration and its consequences and waive such default; but no such rescission and annulment shall extend to or shall affect any subsequent default, or shall impair or exhaust any right or power consequent thereon.

Section 10.03. Application of Revenues and Other Funds After Default. If an Event of Default shall occur and be continuing, without the requirement of an acceleration, all Revenues and any other funds then held or thereafter received by the Trustee under any of the provisions of this Indenture (subject to Sections 5.01 and 14.11 of this Indenture) shall be applied by the Trustee as follows and in the following order:

(a) To the payment of any reasonable expenses necessary in the opinion of the Trustee to protect the interests of the Owners of the Notes after payment of the fees and expenses (including those previously outstanding) of the Trustee (including the fees and disbursements of its counsel and accountants) incurred in and about the performance of its powers and duties under this Indenture;

(b) To the payment of the principal or Redemption Price of and interest then due on the Notes (upon presentation of the Notes to be paid, and stamping thereon of the payment if only partially paid, or surrender thereof if fully paid) subject to the provisions of this Indenture (including Section 9.02), as follows:

(i) Unless the principal of all of the Notes shall have become or have been declared due and payable,

First: To the payment to the persons entitled thereto of all installments of interest then due in the order of the maturity of such installments, and, if the amount available shall not be sufficient to pay in full any installment or installments of principal or interest due on the same date, then to the payment thereof ratably, according to the amounts due thereon, to the persons entitled thereto, without any discrimination or preference; and

Second: To the payment to the persons entitled thereto of the unpaid principal or Redemption Price of any Notes which shall have become due, whether at maturity or by call for redemption, in the order of their due dates, with interest on the overdue principal at the rate borne by the respective Notes, and, if the

amount available shall not be sufficient to pay in full all the due on any date, together with such interest, then to the payment thereof ratably, according to the amounts of principal or Redemption Price due on such date to the persons entitled thereto, without any discrimination or preference.

(ii) If the principal of all of the Notes shall have become or have been declared due and payable, to the payment of the principal and interest then due and unpaid upon the Notes, with interest on the overdue principal at the rate borne by the respective Notes, and, if the amount available shall not be sufficient to pay in full the whole amount so due and unpaid, then to the payment thereof ratably, without preference or priority of principal over interest, or of interest over principal, or of any installment of interest over any other installment of interest, or of any Note over any other Note, according to the amounts due respectively for principal and interest, to the persons entitled thereto without any discrimination or preference.

Section 10.04. Trustee to Represent Owners. The Trustee is hereby irrevocably appointed (and the successive respective Owners of the Notes, by taking and holding the same, shall be conclusively deemed to have so appointed the Trustee) as trustee and true and lawful attorney-in-fact of the Owners of the Notes or the purpose of exercising and prosecuting on their behalf such rights and remedies as may be available to such Owners under the provisions of the Notes, this Indenture, the Law, and applicable provisions of any other law; provided, however, the Trustee shall not be obligated to pursue claims relating to the District's violation of any law, rule or regulation under the Securities and Exchange Act of 1933, as amended, but only to the extent the Trustee gives notice to the Owners of its intentions not to pursue such claims. If the Trustee provides the notice described in the preceding sentence, the Trustee shall incur no liability therefor and shall be deemed to be entitled to indemnification by the District. Upon the occurrence and continuance of an Event of Default or other occasion giving rise to a right in the Trustee to represent the Owners, the Trustee in its discretion may, and upon the written request of the Owners of not less the twenty-five percent (25%) in aggregate principal amount of the Notes then Outstanding, and upon being indemnified to its satisfaction therefor, shall, proceed to protect or enforce its rights or the rights of such Owners hereunder by such appropriate action, suit, mandamus or other proceedings as it shall deem most effectual to protect and enforce any such right, at law or in equity, either for the specific performance of any covenant or agreement contained herein, or in aid of the execution of any power herein granted, or for the enforcement of any other appropriate legal or equitable right or remedy vested in the Trustee or in such Owners under this Indenture, the Law or any other law related hereto; and upon instituting such proceeding, the Trustee shall be entitled, as a matter of right, to the appointment of a receiver of the Revenues and other assets pledged under this Indenture, pending such proceedings. If the Trustee shall receive conflicting directions from two or more groups, each satisfying the minimum percentages determined above, the Trustee shall have the right not to follow any such instructions and shall be deemed entitled to indemnification hereunder. All rights of action under this Indenture or the Notes or otherwise may be prosecuted and enforced by the Trustee without the possession of any of the Notes or the production thereof in any proceeding relating thereto, and any such suit, action or proceeding instituted by the Trustee shall be brought in the name of the Trustee for the benefit and protection of all the Owners of such Notes, subject to the provisions of this Indenture (including Section 9.02). Counsel to the Trustee is not counsel to the Owners and communications between the Trustee and its counsel shall be deemed privileged.

Section 10.05. Owners' Direction of Proceedings. The Owners of a majority in aggregate principal amount of the Notes then Outstanding shall have the right, by an instrument or concurrent instruments in writing executed and delivered to the Trustee, to direct the method of conducting all remedial proceedings taken by the Trustee hereunder, provided that such

direction shall not (a) be otherwise than in accordance with law and the provisions of this Indenture or (b) subject the Trustee to personal liability.

Section 10.06. Limitation on Owners' Right to Sue. No Owner of any Note shall have the right to institute any suit, action or proceeding at law or in equity, for the protection or enforcement of any right or remedy under this Indenture, the Law or any other applicable law with respect to such Note, unless (a) such Owner shall have given to the Trustee written notice of the occurrence of an Event of Default; (b) the Owners of not less than twenty-five percent (25%) in aggregate principal amount of the Notes then Outstanding shall have made written request upon the Trustee to exercise the powers hereinbefore granted or to institute such suit, action or proceeding in its own name; (c) such Owner or said Owners shall have tendered to the Trustee reasonable indemnity against the costs, expenses and liabilities to be incurred in compliance with such request; (d) the Trustee shall have refused or omitted to comply with such request for a period of sixty (60) days after such written request shall have been received by, and said tender of indemnity shall have been made to, the Trustee; and (e) no direction inconsistent with such written request has been given to the Trustee during such 60 day period by the Owners of a majority in aggregate principal amount of the Notes then Outstanding.

Such notification, request, tender of indemnity and refusal or omission are hereby declared, in every case, to be conditions precedent to the exercise by any Owner of Notes of any remedy hereunder or under law; it being understood and intended that no one or more Owners of Notes shall have any right in any manner whatever by his, her or their action to affect, disturb or prejudice the security of this Indenture or the rights of any other Owners of Notes, or to enforce any right under this Indenture, the Law or other applicable law with respect to the Notes, except in the manner herein provided, and that all proceedings at law or in equity to enforce any such right shall be instituted, had and maintained in the manner herein provided and for the benefit and protection of all Owners of the Outstanding Notes, subject to the provisions of this Indenture (including Section 9.02).

Section 10.07. Absolute Obligation of District. Nothing in Section 10.06 of this Indenture or in any other provision of this Indenture, or in the Notes, contained shall affect or impair the obligation of the District, which is absolute and unconditional to pay the principal or Redemption Price of and interest on the Notes to the respective Owners of the Notes at their respective dates of maturity, or upon call for redemption, as herein provided, but only out of the Revenues and other assets herein pledged therefor, or affect or impair the right of such Owners, which is also absolute and unconditional, to enforce such payment by virtue of the contract embodied in the Notes.

Section 10.08. Termination of Proceedings. In case any proceedings taken by the Trustee or any one or more Owners on account of any Event of Default shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Trustee or the Owners, then in every such case the District, the Trustee and the Owners, subject to any determination in such proceedings, shall be restored to their former positions and rights hereunder, severally and respectively, and all rights, remedies, powers and duties of the District, the Trustee and the Owners shall continue as though no such proceedings had been taken.

Section 10.09. Remedies Not Exclusive. No remedy herein conferred upon or reserved to the Trustee or to the Owners of the Notes is intended to be exclusive of any other remedy or remedies, and each and every such remedy, to the extent permitted by law, shall be cumulative and in addition to any other remedy given hereunder or now or hereafter existing at law or in equity or otherwise.

Section 10.10. No Waiver of Default. No delay or omission of the Trustee or of any Owner of the Notes to exercise any right or power arising upon the occurrence of any default shall impair any such right or power or shall be construed to be a waiver of any such default or an acquiescence therein; and every power and remedy given by this Indenture to the Trustee or to the Owners of the Notes may be exercised from time to time and as often as may be deemed expedient.

ARTICLE XI

THE TRUSTEE

Section 11.01. Duties, Immunities and Liabilities of Trustee.

(a) The Trustee shall, prior to an Event of Default, and after the curing or waiver of all Events of Default which may have occurred, perform such duties and only such duties as are specifically set forth in this Indenture and no implied duties shall be read into this Indenture. The Trustee shall, during the existence of any Event of Default (which has not been cured or waived), exercise such of the rights and powers vested in it by this Indenture, and use the same degree of care and skill in their exercise, as a prudent trustee would exercise or use under the circumstances in the conduct of his or her own affairs.

(b) The District may remove the Trustee at any time unless an Event of Default shall have occurred and then be continuing, and shall remove the Trustee if at any time requested to do so by an instrument or concurrent instruments in writing signed by the Owners of not less than a majority in aggregate principal amount of the Notes then Outstanding (or their attorneys duly authorized in writing) or if at any time the Trustee shall cease to be eligible in accordance with subsection (e) of this Section 11.01, or shall become incapable of acting, or shall be adjudged a bankrupt or insolvent or a receiver of the Trustee or its property shall be appointed, or any public officer shall take control or charge of the Trustee or of its property or affairs for the purpose of rehabilitation, conservation or liquidation, in each case by giving written notice of such removal to the Trustee, and thereupon shall appoint a successor Trustee by an instrument in writing.

(c) The Trustee may at any time resign by giving written notice of such resignation to the District and by giving the Owners notice of such resignation by mail at the addresses shown on the registration books maintained by the Trustee. Upon receiving such notice of resignation, the District shall promptly appoint a successor Trustee by an instrument in writing.

(d) Any removal or resignation of the Trustee and appointment of a successor Trustee shall become effective upon acceptance of appointment by the successor Trustee. If no successor Trustee shall have been appointed and have accepted appointment within forty-five (45) days of giving notice of removal or notice of resignation as aforesaid, the resigning Trustee or any Owner (on behalf of himself and all other Owners) may petition any federal court or any other court of competent jurisdiction for the appointment of a successor Trustee, and such court may thereupon, after such notice (if any) as it may deem proper, (a) order the District to appoint a successor Trustee, or (b) appoint such successor Trustee. Any successor Trustee appointed under this Indenture, shall signify its acceptance of such appointment by executing and delivering to the District and to its predecessor Trustee a written acceptance thereof, and thereupon such successor Trustee, without any further act, deed or conveyance, shall become vested with all the moneys, estates, properties, rights, powers, trusts, duties and obligations of such predecessor Trustee, with like effect as if originally named Trustee herein; but, nevertheless at the Request of the District or the request of the successor Trustee, such predecessor Trustee shall execute and deliver any and all instruments of conveyance or further assurance and do such other things as may reasonably be required for more fully and certainly vesting in and confirming to such successor Trustee all the right, title and interest of such predecessor Trustee in and to any property held by it under this Indenture and shall pay over, transfer, assign and deliver to the successor Trustee any money or other property subject to the trusts and conditions herein set forth. Upon request of the successor Trustee, the District shall execute and deliver any and all instruments as may be reasonably required for more fully and certainly vesting in and confirming to such successor Trustee all such moneys, estates, properties, rights, powers, trusts, duties and obligations. Upon

acceptance of appointment by a successor Trustee as provided in this subsection, the District shall give notice of the succession of such Trustee to the trusts hereunder by mail to the Owners at the addresses shown on the registration books maintained by the Trustee. If the District fails to mail such notice within fifteen (15) days after acceptance of appointment by the successor Trustee, the successor Trustee shall cause such notice to be mailed at the expense of the District. The Trustee shall be paid all amounts owing to it concurrent with the receipt by the successor Trustee of the trusts of this Indenture.

(e) Any Trustee appointed under the provisions of this Section 11.01 in succession to the Trustee shall be a bank, corporation or trust company having the powers of a trust company having a corporate trust office in the State, having a combined capital and surplus (or the parent holding company of which has a combined capital and surplus) of at least fifty million dollars (\$50,000,000), and subject to supervision or examination by federal or state authority. If such bank, corporation or trust company publishes a report of condition at least annually, pursuant to law or to the requirements of any supervising or examining authority above referred to, then for the purpose of this subsection the combined capital and surplus of such bank, corporation or trust (or holding) company shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. In case at any time the Trustee shall cease to be eligible in accordance with the provisions of this subsection (e), the Trustee shall resign immediately in the manner and with the effect specified in this Section 11.01.

Section 11.02. Merger or Consolidation. Any company into which the Trustee may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it shall be a party or any company to which the Trustee may sell or transfer all or substantially all of its corporate trust business, provided such company shall be eligible under subsection (e) of Section 11.01 of this Indenture, shall be the successor to such Trustee without the execution or filing of any paper or any further act, anything herein to the contrary notwithstanding.

Section 11.03. Liability of Trustee. The recitals of facts herein and in the Notes contained shall be taken as statements of the District, and the Trustee assumes no responsibility for the correctness of the same, and makes no representations as to the validity or sufficiency of this Indenture or of the Notes, or shall incur no responsibility or liability in respect thereof, other than in connection with the express duties or obligations herein or in the Notes assigned to or imposed upon it. The Trustee shall, however, be responsible for its representations contained in its certificate of authentication on the Notes. The Trustee shall not be liable in connection with the performance of its duties hereunder, except for its own negligence or willful misconduct. The Trustee may become the Owner of Notes with the same rights it would have if it were not the Trustee, and, to the extent permitted by law, may act as depository for and permit any of its officers or directors to act as a member of, or in any other capacity with respect to, any committee formed to protect the rights of Owners, whether or not such committee shall represent the Owners of a majority in principal amount of the Notes then Outstanding. The Trustee shall not be deemed to have knowledge of any Event of Default unless and until an officer at the Principal Corporate Trust Office responsible for the administration of its duties hereunder shall have actual knowledge thereof or the Trustee shall have received written notice thereof at the Principal Corporate Trust Office. The Trustee shall not be bound to inquire as to the performance or observance of any of the terms, conditions, covenants or agreements herein or of any of the documents executed in connection with the Notes, or as to the existence of any default or Event of Default thereunder. The Trustee shall not be responsible for the validity or effectiveness of any collateral given or held by it. As used herein, the term "actual knowledge" means the actual fact or statement of knowing, without any duty to make any investigation with regard thereto.

Section 11.04. Right of Trustee to Rely on Documents. The Trustee shall be protected in acting upon any notice, resolution, request, consent, requisition, order, certificate, report, opinion, note or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties. Before the Trustee acts or refrains from acting, the Trustee may consult with counsel, who may be counsel of or to the District, with regard to legal questions, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it hereunder in good faith and in accord therewith.

Whenever in the administration of the trusts imposed upon it by this Indenture the Trustee shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) may be deemed to be conclusively proved and established by a Certificate of the District, and such Certificate shall be full warrant to the Trustee for any action taken or suffered in good faith under the provisions of this Indenture in reliance upon such Certificate, but in its discretion the Trustee may, in lieu thereof, accept other evidence of such matter or may require such additional evidence as to it may seem reasonable.

The Trustee shall have no responsibility with respect to any information, statement, or recital in any official statement, offering memorandum or any other disclosure material prepared or distributed with respect to the Notes.

Before taking any action under this Article XI or Article X hereof, the Trustee may require indemnity satisfactory to the Trustee be furnished from any expenses and to protect it against any liability it may incur hereunder.

The immunities extended to the Trustee also extend to its directors, officers, employees and agents.

The Trustee may execute any of the trusts or powers hereof and perform any of its duties through attorneys, agents and receivers and shall not be answerable for the conduct of the same if appointed by it with reasonable care.

The Trustee shall not be liable for any action taken or not taken by it in accordance with the direction of a majority (or other percentage provided for herein) in aggregate principal amount of Notes outstanding relating to the exercise of any right, power or remedy available to the Trustee.

The permissive right of the Trustee to do things enumerated in this Indenture shall not be construed as a duty.

No provision of this Indenture shall require the Trustee to risk or advance its own funds or otherwise incur any financial liability in the performance of its duties or the exercise of its rights hereunder.

Section 11.05. Preservation and Inspection of Documents. All documents received by the Trustee under the provisions of this Indenture shall be retained in its possession and shall be subject at all reasonable times to the inspection of the District and any Owner, and their agents and representatives duly authorize in writing, upon prior written notice and at reasonable hours and under reasonable conditions.

Section 11.06. Compensation of Trustee. Absent any agreement to the contrary, the District covenants to pay to the Trustee from time to time, but only out of Revenues, and the Trustee shall be entitled to, reasonable compensation for all services rendered by it in the exercise and

performance of any of the powers and duties hereunder of the Trustee, and the District will pay or reimburse the Trustee promptly upon its request, but only out of Revenues, for all reasonable expenses, disbursements and advances incurred or made by the Trustee in accordance with any of the provisions of this Indenture (including the reasonable compensation and the expenses and disbursements of its counsel and of all persons not regularly in its employ) except any such expense, disbursement or advance as may arise from its negligence or willful misconduct.

Section 11.07. Indemnification. The District covenants, to the extent permitted by law, to indemnify the Trustee, its officers, directors, employees and agents and to hold it harmless against any loss, liability, expenses or advance, including fees and expenses of counsel and other experts, incurred or made without negligence or willful misconduct on the part of the Trustee, in the exercise and performance of any of the powers and duties hereunder by the Trustee, including the costs and expenses of defending itself against or investigating any claim of liability arising under this Indenture. The provisions of Section 11.06 and this Section 11.07 shall survive the removal or resignation of the Trustee or the termination of this Indenture.

ARTICLE XII

MODIFICATION OR AMENDMENT OF THIS INDENTURE

Section 12.01. Amendments Permitted.

(a) This Indenture and the rights and obligations of the District, the Owners of the Notes and the Trustee may be modified or amended from time to time and at any time by a Supplemental Indenture, which the District and the Trustee may enter into with the written consent of the Owners of a majority in aggregate principal amount of the Notes then Outstanding filed with the Trustee; provided that if such modification or amendment will, by its terms, not take effect so long as any Notes of any particular maturity remain Outstanding, the consent of the Owners of such Notes shall not be required and such Notes shall not be deemed to be Outstanding for the purpose of any calculation of Notes Outstanding under this Section 12.01. No such modification or amendment shall (i) extend the fixed maturity of any Note, or reduce the amount of principal thereof, for the payment of any Note, or reduce the rate of interest thereon, or extend the time of payment of interest thereon, or reduce any premium payable upon the redemption thereof, without the consent of the Owner of each Note so affected, or (ii) reduce the aforesaid percentage of Notes the consent of the Owners of which is required to effect any such modification or amendment, or permit the creation of any lien on the Revenues and other assets pledged under this Indenture prior to or on a parity with the lien created by this Indenture, or deprive the Owners of the Notes of the lien created by this Indenture on such Revenues and other assets (except as expressly provided in this Indenture), without the consent of the Owners of all of the Notes then Outstanding. It shall not be necessary for the consent of the Owners to approve the particular form of any Supplemental Indenture, but it shall be sufficient if such consent shall approve the substance thereof. Promptly after the adoption by the District of any Supplemental Indenture pursuant to this subsection (a), the Trustee shall mail a notice, setting forth in general terms the substance of such Supplemental Indenture to the Owners of the Notes at the addresses shown on the registration books of the Trustee. Any failure to give such notice, or any defect therein, shall not, however, in any way impair or affect the validity of any such Supplemental Indenture.

(b) This Indenture and the rights and obligations of the District, of the Trustee and of the Owners of the Notes may also be modified or amended from time to time and at any time by a Supplemental Indenture, which the District and the Trustee may enter into without the consent of any Owners but only to the extent permitted by law and only for any one or more of the following purposes:

(i) to add to the covenants and agreements of the District contained in this Indenture other covenants and agreements thereafter to be observed, to pledge or assign additional security for the Notes (or any portion thereof), or to surrender any right or power herein reserved to or conferred upon the District, provided, that no such covenant, agreement, pledge, assignment or surrender shall materially adversely affect the interests of the Owners of the Notes;

(ii) to make such provisions for the purpose of curing any ambiguity, inconsistency or omission, or of curing or correcting any defective provision, contained in this Indenture, or in regard to matters or questions arising under this Indenture, as the District may deem necessary or desirable and not inconsistent with this Indenture, and which shall not materially adversely affect the interests of the Owners of the Notes;

(iii) to modify, amend or supplement this Indenture in such manner as to permit the qualification hereof under the Trust Indenture Act of 1939, as amended, or any similar federal statute hereafter in effect and to add such other terms, conditions and provisions as may be permitted by said act or similar federal statute, and which shall not materially adversely affect the interests of the Owners of the Notes; and

(iv) to make such additions, deletions or modifications as may be necessary or desirable to assure exemption from federal income taxation of interest on the Notes.

(c) The Trustee may in its discretion, but shall not be obligated to, enter into any such Supplemental Indenture which materially affects the Trustee's own rights, duties or immunities under this Indenture or otherwise.

(d) Prior to entering into any Supplemental Indenture, the Trustee may require the District to file with it an opinion of counsel of recognized standing in the field of law relating to municipal bonds, to the effect that the execution and delivery of such Supplemental Indenture by the Trustee and the District (i) is in compliance with the terms and conditions hereof and (ii) will not cause interest on any Notes Outstanding to become includable in gross income for federal income tax purposes.

Section 12.02. Effect of Supplemental Indenture. From and after the time any Supplemental Indenture becomes effective pursuant to this Article XII, this Indenture shall be deemed to be modified and amended in accordance therewith, and the respective rights, duties and obligations under this Indenture of the District, the Trustee and all Owners of Notes Outstanding shall thereafter be determined, exercised and enforced hereunder subject in all respects to such modification and amendment, and all the terms and conditions of any such Supplemental Indenture shall be deemed to be part of the terms and conditions of this Indenture for any and all purposes.

Section 12.03. Endorsement of Notes; Preparation of New Notes. Notes delivered after any Supplemental Indenture becomes effective pursuant to this Article XII may, and if the Trustee so determines shall, bear a notation by endorsement or otherwise in form approved by the District and the Trustee as to any modification or amendment provided for in such Supplemental Indenture, and, in that case, upon demand of the Owner of any Note Outstanding at the time of such execution and presentation of his Note for the purpose at the Principal Corporate Trust Office or at such additional offices as the Trustee may select and designate for that purpose, a suitable notation shall be made on such Note. If the Supplemental Indenture shall so provide, new Notes so modified as to conform, in the opinion of the District and the Trustee, to any modification or amendment contained in such Supplemental Indenture, shall be prepared and executed by the District and authenticated by the Trustee, and upon demand of the Owners of any Notes then Outstanding shall be exchanged at the Principal Corporate Trust Office, without cost to any Owners for Notes then Outstanding, upon surrender for cancellation of such Notes, in equal aggregate principal amounts of the same maturity.

Section 12.04. Amendment of Particular Notes. The provisions of this Article XII shall not prevent any Owner from accepting any amendment as to the particular Notes held by him, provided that due notation thereof is made on such Notes.

ARTICLE XIII

DEFEASANCE

Section 13.01. Discharge of Indenture. All or a portion of the Notes may be paid by the District in any of the following ways; provided that the District also pays or causes to be paid any other sums payable hereunder by the District:

(a) by paying or causing to be paid the principal or Redemption Price of and interest on Notes Outstanding, as and when the same become due and payable;

(b) by depositing with the Trustee, in trust, at or before maturity, money or securities in the necessary amount (as provided in Section 13.03 of this Indenture) to pay or redeem Notes Outstanding; or

(c) by delivering to the Trustee, for cancellation by it, Notes Outstanding of the Series.

If the District shall pay all Notes and shall also pay or cause to be paid all other sums payable hereunder by the District, then and in that case, at the election of the District (evidenced by a Certificate of the District, filed with the Trustee, signifying the intention of the District to discharge all such indebtedness and this Indenture), and notwithstanding that any Notes shall not have been surrendered for payment, this Indenture and the pledge of Revenues and other assets made under this Indenture and all covenants, agreements and other obligations of the District under this Indenture shall cease, terminate, become void and be completely discharged and satisfied. In such event, upon Request of the District, the Trustee shall cause an accounting for such period or periods as may be requested by the District to be prepared and filed with the District and shall execute and deliver to the District all such instruments as may be necessary or desirable to evidence such discharge and satisfaction, and the Trustee shall pay over, transfer, assign or deliver to the District all moneys or securities or other property held by it pursuant to this Indenture which are not required for the payment or redemption of Notes not theretofore surrendered for such payment or redemption.

Section 13.02. Discharge of Liability on Notes. Upon the deposit with the Trustee, in trust, at or before maturity, of money or securities in the necessary amount (as provided in Section 13.03 of this Indenture) to pay or redeem any Outstanding Note (whether upon or prior to its maturity or the redemption date of such Notes), provided that, if such Note is to be redeemed prior to maturity, notice of such redemption shall have been given as in Article IV of this Indenture provided or provision satisfactory to the Trustee shall have been made for the giving of such notice, then all liability of the District in respect of such Note shall cease, terminate and be completely discharged, and the Owner thereof shall thereafter be entitled only to payment out of such money or securities deposited with the Trustee as aforesaid for their payment, subject, however, to the provisions of Section 13.04 of this Indenture and the continuing duties of the Trustee hereunder including, without limitation, the provisions of Section 2.05 and Section 2.06 of this Indenture.

The District may at any time surrender to the Trustee for cancellation by it any Notes previously issued and delivered, which the District may have acquired in any manner whatsoever, and such Notes, upon such surrender and cancellation, shall be deemed to be paid and retired.

Section 13.03. Deposit of Money or Securities with Trustee. Whenever in this Indenture it is provided or permitted that there be deposited with or held in trust by the Trustee money or

securities in the necessary amount to pay or redeem any Notes, the money or securities so to be deposited or held may include money or securities held by the Trustee in the funds and accounts established pursuant to this Indenture and shall be:

(a) lawful money of the United States of America in an amount equal to the principal amount of such Notes and all unpaid interest thereon to maturity, except that, in the case of Notes which are to be redeemed prior to maturity and in respect of which notice of such redemption shall have been given as in Article IV of this Indenture provided or provision satisfactory to the Trustee shall have been made for the giving of such notice, the amount to be deposited or held shall be the principal amount or Redemption Price of such Notes and all unpaid interest thereon to the redemption date; or

(b) cash and/or Defeasance Obligations, the principal of and interest on which when due will provide money sufficient in the opinion of a certified public accountant to pay the principal or Redemption Price of and all unpaid interest to maturity, or to the redemption date, as the case may be, on the Notes to be paid or redeemed, as such principal or Redemption Price and interest become due, provided that, in the case of Notes which are to be redeemed prior to the maturity thereof, notice of such redemption shall have been given as in Article IV of this Indenture provided or provision satisfactory to the Trustee shall have been made for the giving of such notice;

provided, in each case, that the Trustee shall have been irrevocably instructed (by the terms of this Indenture or by Request of the District) to apply such money to the payment of such principal or Redemption Price and interest with respect to such Notes.

Section 13.04. Payment of Notes After Discharge of Indenture. Any moneys held by the Trustee in trust for the payment of the principal or Redemption Price of, or interest on, any Notes and remaining unclaimed for the period which is one year less than the statutory escheat period after the principal of all of the Notes has become due and payable (whether at maturity or upon call for redemption or by acceleration as provided in this Indenture), if such moneys were so held at such date, or the period which is one year less than the statutory escheat period after the date of deposit of such moneys if deposited after said date when all of the Notes became due and payable, shall, be repaid to the District free from the trusts created by this Indenture, and all liability of the Trustee with respect to such moneys shall thereupon cease; *provided, however,* that before the repayment of such moneys to the District as aforesaid, the Trustee may (at the cost of the District) first mail to the Owners of any Notes remaining unpaid at the addresses shown on the registration books maintained by the Trustee a notice, in such form as may be deemed appropriate by the Trustee, with respect to the Notes so payable and not presented and with respect to the provisions relating to the repayment to the District of the moneys held for the payment thereof.

ARTICLE XIV

MISCELLANEOUS

Section 14.01. Liability of District Limited to Revenues. Notwithstanding anything in this Indenture or in the Notes contained, the District shall not be required to advance any moneys derived from any source other than the Revenues and other assets pledged under this Indenture for any of the purposes in this Indenture mentioned, whether for the payment of the principal or Redemption Price of or interest on the Notes or for any other purpose of this Indenture.

Section 14.02. Successor Is Deemed Included in All References to Predecessor. Whenever in this Indenture either the District or the Trustee is named or referred to, such reference shall be deemed to include the successors or assigns thereof, and all the covenants and agreements in this Indenture contained by or on behalf of the District or the Trustee shall bind and inure to the benefit of the respective successors and assigns thereof whether so expressed or not.

Section 14.03. Limitation of Rights to Parties and Owners. Nothing in this Indenture or in the Notes expressed or implied is intended or shall be construed to give to any person other than the District, the Trustee and the Owners of the Notes, any legal or equitable right, remedy or claim under or in respect of this Indenture or any covenant, condition or provision therein or herein contained; and all such covenants, conditions and provisions are and shall be held to be for the sole and exclusive benefit of the District, the Trustee and the Owners of the Notes.

Section 14.04. Waiver of Notice. Whenever in this Indenture the giving of notice by mail or otherwise is required, the giving of such notice may be waived in writing by the person entitled to receive such notice and in any such case the giving or receipt of such notice shall not be a condition precedent to the validity of any action taken in reliance upon such waiver.

Section 14.05. Destruction of Notes. Whenever in this Indenture provision is made for the cancellation by the Trustee and the delivery to the District of any Notes, the Trustee may, in lieu of such cancellation and delivery, destroy such Notes, and deliver a certificate of such destruction to the District.

Section 14.06. Severability of Invalid Provisions. If any one or more of the provisions contained in this Indenture or in the Note shall for any reason be held to be invalid, illegal or unenforceable in any respect, then such provision or provisions shall be deemed severable from the remaining provisions contained in this Indenture and such invalidity, illegality or unenforceability shall not affect any other provisions of this Indenture, and this Indenture shall be construed as if such invalid or illegal or unenforceable provision had never been contained herein. The District hereby declares that it would have entered into this Indenture and each and every other Section, paragraph, sentence, clause or phrase hereof and authorized the issuance of the Notes pursuant thereto irrespective of the fact that any one or more Sections, paragraphs, sentences, clauses or phrases of this Indenture may be held illegal, invalid or unenforceable.

Section 14.07. Notice to District and Trustee. Any notice to or demand upon the Trustee may be served or presented, and such demand may be made, at the Principal Corporate Trust Office. Any notice to or demand upon the District shall be deemed to have been sufficiently given or served for all purposes by being deposited, postage prepaid, in a post office letter box, addressed, as the case may be, to the District at 1065 Bucks Lake Road, Quincy, CA 95971, Attention: Chief Executive Officer (or such other address as may have been filed in writing by the District with the Trustee).

Section 14.08. Evidence of Rights of Owners. Any request, consent or other instrument required or permitted by this Indenture to be signed and executed by Owners may be in any number of concurrent instruments of substantially similar tenor and shall be signed or executed by such Owners in person or by an agent or agents duly appointed in writing. Proof of the execution of any such request, consent or other instrument or of a writing appointing any such agent, or of the holding by any person of Notes transferable by delivery, shall be sufficient for any purpose of this Indenture and shall be conclusive in favor of the Trustee and of the District if made in the manner provided in this Section 14.08.

The fact and date of the execution by any person of any such request, consent or other instrument or writing may be proved by the certificate of any notary public or other officer of any jurisdiction, authorized by the laws thereof to take acknowledgments of deeds, certifying that the person signing such request, consent or other instrument acknowledged to him the execution thereof, or by an affidavit of a witness of such execution duly sworn to before such notary public or other officer.

The ownership of Notes shall be proved by the bond registration books held by the Trustee.

Any request, consent, or other instrument or writing of the Owner of any Note shall bind every future Owner of the same Note and the Owner of every Note issued in exchange therefor or in lieu thereof, in respect of anything done or suffered to be done by the Trustee or the District in accordance therewith or in reliance thereon.

Section 14.09. Disqualified Notes. In determining whether the Owners of the requisite aggregate principal amount of Notes have concurred in any demand, request, direction, consent or waiver under this Indenture, Notes which are owned or held by or for the account of the District, or by any other obligor on the Notes, or by any person directly or indirectly controlling or controlled by, or under direct or indirect common control with the District or any other obligor on the Notes, shall be disregarded and deemed not to be Outstanding for the purpose of any such determination. Notes so owned which have been pledged in good faith may be regarded as Outstanding for the purposes of this Section 14.09 if the pledgee shall establish to the satisfaction of the Trustee the pledgee's right to vote such Notes and that the pledgee is not a person directly or indirectly controlling or controlled by, or under direct or indirect common control with, the District or any other obligor on the Notes. In case of a dispute as to such right, any decision by the Trustee taken upon the advice of counsel shall be full protection to the Trustee. Upon request of the Trustee, the District shall specify to the Trustee those Notes disqualified pursuant to this Section 14.09 and the Trustee may conclusively rely on such certificate.

Section 14.10. Money Held for Particular Notes. The money held by the Trustee for the payment of the interest, principal or Redemption Price due on any date with respect to particular Notes (or portions of Notes in the case of registered Notes redeemed in part only) shall, on and after such date and pending such payment, be set aside on its books and held in trust by it for the Owners of the Notes entitled thereto, subject, however, to the provisions of Section 13.04 of this Indenture but without any liability for the interest thereon.

Section 14.11. Funds and Accounts. Any fund required by this Indenture to be established and maintained by the Trustee may be established and maintained in the accounting records of the Trustee, either as a fund or an account, and may, for the purposes of such records, any audits thereof and any reports or statements with respect thereto, be treated either as a fund or as an account; but all such records with respect to all such funds shall at all times be maintained in accordance with customary standards of the corporate trust industry, to the extent practicable,

and with due regard for the protection of the security of the Notes and the rights of every Owner thereof.

Section 14.12. Article and Section Headings and References. The headings or titles of the several Articles and Sections hereof, and any table of contents appended to copies hereof, shall be solely for convenience of reference and shall not affect the meaning, construction or effect of this Indenture.

All references herein to "Articles," "Sections" and other subdivisions are to the corresponding Articles, Sections or subdivisions of this Indenture; the words "herein," "hereof," "hereby," "hereunder" and other words of similar import refer to this Indenture as a whole and not to any particular Article, Section or subdivision hereof; and words of the masculine gender shall mean and include words of the feminine and neuter genders.

Section 14.13. Waiver of Personal Liability. No Board member, officer, agent or employee of the District shall be individually or personally liable for the payment of principal or Redemption Price of or interest on the Notes or be subject to any personal liability or accountability by reason of the issuance thereof; but nothing herein contained shall relieve any such Board member, officer, agent or employee from the performance of any official duty provided by law or by this Indenture.

Section 14.14. Execution in Several Counterparts. This Indenture may be executed in any number of counterparts and each of such counterparts shall for all purposes be deemed to be an original; and all such counterparts or as many of them as the District and the Trustee shall preserve undestroyed, shall together constitute but one and the same instrument.

Section 14.15. Governing Law. This Indenture shall be construed in accordance with and governed by the Constitution and laws of the State.

IN WITNESS WHEREOF, LAST FRONTIER HEALTHCARE DISTRICT has caused this Indenture to be signed in its name by its Chief Executive Officer and Zions Bancorporation, National Association, in token of its acceptance of the trusts created hereunder, has caused this Indenture to be signed in its name by one of its authorized officers, all as of the day and year first above written.

LAST FRONTIER HEALTHCARE
DISTRICT

By _____
Name _____
title _____

ZIONS BANCORPORATION, NATIONAL
ASSOCIATION, as Trustee

By _____
Authorized Signatory

EXHIBIT A
FORM OF NOTE

United States of America
State of California
Modoc County

LAST FRONTIER HEALTHCARE DISTRICT
(Modoc County, California)
2024 Bond Anticipation Note

INTEREST RATE: _____%	MATURITY DATE: December 1, 2025	DATED DATE _____, 2024	CUSIP NUMBER: _____
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REGISTERED OWNER: CEDE & CO.

PRINCIPAL SUM: _____ DOLLARS

LAST FRONTIER HEALTHCARE DISTRICT, a local health care district organized and existing under and pursuant to The Local Health Care District Law of the State of California (herein called the "District"), for value received, hereby promises to pay (but only out of the Revenues (as defined in the hereinafter defined Indenture) and any other available moneys of the District therefor as hereinafter mentioned) to the Registered Owner stated above or registered assigns, on the Maturity Date stated above (subject to any right of prior redemption hereinafter mentioned), the Principal Sum stated above in lawful money of the United States of America, and to pay interest thereon in like lawful money from the date hereof until payment of such principal sum shall be discharged as provided in the Indenture hereinafter mentioned, at the Interest Rate per annum stated above, payable semiannually on each June 1 and December 1 (each, an "Interest Payment Date"), commencing December 1, 2024. The principal (or redemption price) hereof is payable (without presentation) at the Principal Corporate Trust Office (as defined in the Indenture) of Zions Bancorporation, National Association (together with any successor trustee, herein called the "Trustee") (or at the principal corporate trust office of any successor trustee). Interest hereon is payable (without presentation) by check mailed on each Interest Payment Date to the Owner as of the fifteenth calendar day of the month (except with respect to defaulted interest) next preceding each Interest Payment Date (herein called a "Record Date") at the address shown on the registration books maintained by the Trustee; provided that such principal and interest shall be paid by wire transfer to any registered owner of at least \$1,000,000 in aggregate principal amount of Notes if the registered owner makes a written request of the Trustee prior to the Record Date specifying the account address.

This Note is one of a duly authorized issue of notes of the District designated as "Last Frontier Healthcare District (Modoc County, California) 2024 Bond Anticipation Notes" (herein called the "Notes"), issued pursuant to the provisions of Division 23 (commencing with section 32000) of the California Health and Safety Code, as now in effect and as it may from time to time hereafter be amended or supplemented, and the provisions of Article 11 (commencing with section 53580) of the California Government Code (herein called the "Law"), and an indenture,

dated as of August 1, 2024, by and between the District and the Trustee (herein called the "Indenture"), in the aggregate principal amount of _____ dollars (\$_____).

All capitalized terms not otherwise defined shall have the meanings set forth in the Indenture.

Reference is hereby made to the Indenture (a copy of which is on file at said office of the Trustee) and all indentures supplemental thereto and to the Law for a description of the rights thereunder of the registered owner of the Notes, the nature and extent of the security, the rights, duties and immunities of the Trustee, and the rights and obligations of the District thereunder. The Owner of this Note, by acceptance hereof, assents and agrees to all the provisions of the Indenture.

The Notes are secured by a pledge of (i) Gross Revenues, including amounts required to pay interest on the Notes after the proceeds of the Notes deposited in the Interest Account constituting funded interest are depleted, and (ii) any amounts held in any fund or account established pursuant to this Indenture including, but not limited to, the proceeds of the Notes deposited in the Interest Account constituting funded interest.

The Notes are payable from the proceeds of (i) the USDA Take-Out Financing, (ii) Alternate Take-Out Financing, or (iii) Renewal Notes.

The Notes are limited obligations of the District and are not a lien or charge upon the funds or property of the District, except to the extent of the aforesaid pledge and assignment. Neither the faith and credit nor the tax revenues received by the District are pledged to the payment of the principal of or interest on the Notes. The Notes are not a debt of the State of California or any political subdivision thereof, and neither said State nor any political subdivision thereof (except the District to the extent provided in the Indenture) is liable for the payment thereof.

The Notes maturing are subject to redemption prior to their respective stated maturity upon not less than thirty (30) calendar days prior written notice by the District to the Trustee (or such lesser number of days as acceptable to the Trustee, in the sole discretion of the Trustee), from any other source of available funds, as a whole on any date on or after December 1, ____, at a redemption price equal to the principal amount of Notes called for redemption, together with accrued interest to the date fixed for redemption, without premium.

If this Note is called for redemption and payment is duly provided therefor as specified in the Indenture, interest shall cease to accrue hereon from and after the date fixed for redemption.

Notwithstanding the foregoing, in the case of any optional redemption of the Notes, the notice of redemption may state that the redemption is conditioned upon receipt by the Trustee of sufficient moneys to redeem the Notes 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 Notes 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 Notes 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 Notes for which notice of optional redemption was given shall remain Outstanding for all purposes of this Indenture.

If an Event of Default (as that term is defined in the Indenture) shall occur, the principal of all Notes may be declared due and payable upon the conditions, in the manner and with the effect provided in the Indenture. The Indenture provides that in certain events such declaration and its consequences may be rescinded by the registered owner of the Notes then outstanding or by the Trustee.

The Notes are issuable as one fully registered note. Subject to the limitations and upon payment of the charges, if any, provided in the Indenture, Notes may be exchanged, at said office of the Trustee, for a like aggregate principal amount of Notes of the same maturity of other authorized denominations.

This Note is transferable by the Owner hereof, in person or by his or her attorney duly authorized in writing, at the principal corporate trust office of the Trustee, but only in the manner, subject to the limitations and upon payment of the charges, if any, provided in the Indenture, and upon surrender and cancellation of this Note. Upon such transfer a new registered Note or Notes, of authorized denomination or denominations, of the same maturity for the same aggregate principal amount, will be issued to the transferee in exchange herefor.

The District and the Trustee may treat the Owner hereof as the absolute owner hereof for all purposes, and the District and the Trustee shall not be affected by any notice to the contrary.

The Indenture and the rights and obligations of the District, the registered owner of the Notes and the Trustee may be modified or amended from time to time and at any time in the manner, to the extent and upon the terms provided in the Indenture; provided that no such modification or amendment shall (i) extend the fixed maturity of any Note, or reduce the amount of principal hereof, or extend the time of payment or reduce the amount of any Mandatory Sinking Account Payment provided for in the Indenture for the payment of this maturity of Notes, or reduce the rate of interest hereon, or extend the time of payment of interest hereon, or reduce any premium payable upon the redemption hereof, without the consent of the registered owner of each Note so affected, or (ii) reduce the percentage of Notes the consent of the registered owner of which is required to effect any such modification or amendment, or permit the creation of any lien on the Revenues and other assets pledged as security for the Notes prior to or on a parity with the lien created by the Indenture, or deprive the registered owner of the Notes of the lien created by the Indenture on such Revenues and other assets (except as expressly provided in the Indenture), without the consent of the registered owner of the Notes, all as more fully set forth in the Indenture.

IT IS HEREBY CERTIFIED AND RECITED that any and all conditions, things and acts required to exist, to have happened and to have been performed precedent to and in the issuance of this Note do exist, have happened and have been performed in due time, form and manner as required by the Law, and by the Constitution and laws of the State of California, and that the amount of this Note, together with all other indebtedness of the District, does not exceed any limit prescribed by the Constitution and laws of the State of California, and is not in excess of the amount of Notes permitted to be issued under the Indenture.

This Note shall not be entitled to any benefit under the Indenture or become valid or obligatory for any purpose until the Trustee's Certificate of Authentication hereon shall have been manually signed by the Trustee.

Unless this Note is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to the District or the Trustee for registration of transfer, exchange, or payment, and any Note issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is

made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

IN WITNESS WHEREOF, MODOC HOPITAL DISTRICT has caused this Note to be executed in its name and on its behalf by the facsimile signature of the President of its Board of Directors and attested by the facsimile signature of the Secretary of its Board of Directors, all as of the Dated Date stated above.

LAST FRONTIER HEALTHCARE
DISTRICT

By _____
President

Attest:

Secretary

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This is one of the Notes described in the within-mentioned Indenture.

Authentication Date: _____

ZIONS BANCORPORATION, NATIONAL
ASSOCIATION, Trustee

By _____
Authorized Signatory

ASSIGNMENT

For value received, the undersigned do(es) hereby sell, assign and transfer unto

(Name, Address and Tax Identification or Social Security Number of Assignee)

the within Note and do(es) hereby irrevocably constitute and appoint

attorney, to transfer the same on the registration books of the Trustee, with full power of substitution in the premises.

Dated: _____

Signature Guaranteed:

NOTICE: Signature(s) must be guaranteed by an eligible guarantor institution (banks, stock brokers, savings and loan associations and credit unions with membership in an approved signature guarantee medallion program) pursuant to Securities and Exchange Commission Rule 17 Ad-15.

NOTICE: The signature(s) on this Assignment must correspond with the name(s) as written on the face of the within Note in every particular, without alteration or enlargement or any change whatsoever.

\$ _____ -
LAST FRONTIER HEALTHCARE DISTRICT
2024 Bond Anticipation Notes

NOTE PURCHASE AGREEMENT

_____, 2024

Last Frontier Healthcare District
1111 North Nagle Street
Alturas, CA 96101

Ladies and Gentlemen:

The undersigned, Municipal Capital Markets Group, Inc., as underwriter (the “Underwriter”) offers to enter into this Note Purchase Agreement (the “Note Purchase Agreement”) with the Last Frontier Healthcare District (the “District”), which, upon acceptance, will be binding upon the District and the Underwriter. This offer is made subject to the District’s acceptance on or before 11:59 P.M., California time, on the date hereof, and, if not so accepted, will be subject to withdrawal by the Underwriter upon written notice delivered by the Underwriter to the District at any time prior to acceptance. The undersigned Underwriter has been duly authorized to execute this Note Purchase Agreement on behalf of the Underwriter and to act hereunder.

Capitalized terms used but not otherwise defined herein shall have the meanings ascribed thereto in the Indenture (hereinafter defined).

The District hereby acknowledges and agrees that (a) the purchase and sale of the Notes (as defined herein) pursuant to this Note Purchase Agreement is an arm’s-length commercial transaction between the District and the Underwriter, (b) in connection therewith and with the discussions, undertakings and procedures leading up to the consummation of such transaction, the Underwriter is and has been acting solely as principals and are not acting as the agent or fiduciary of the District, (c) the Underwriter has not assumed an advisory or fiduciary responsibility in favor of the District with respect to the offering and sale of the Notes contemplated hereby or the discussions, undertakings and procedures leading thereto (irrespective of whether the Underwriter has provided other services or are currently providing other services to the District on other matters) and the Underwriter has no obligation to the District with respect to the offering and sale of the Notes contemplated hereby except the obligations expressly set forth in this Note Purchase Agreement, and (d) the District has consulted its own legal, financial and other advisors to the extent it has deemed appropriate, in connection with the issuance of the Notes and the other matters contemplated by this Note Purchase Agreement.

The District hereby acknowledges receipt from the Underwriter of disclosures required by the Municipal Securities Rulemaking Board (“MSRB”) Rule G-17 (as set forth in MSRB Notice 2012-25 (May 7, 2012)), relating to disclosures concerning the Underwriter’s role in the

transaction, disclosures concerning the Underwriter's compensation, conflict disclosures, if any, and disclosures concerning complex municipal securities financing, if any.

1. Purchase, Sale and Delivery of the Notes.

(a) Subject to the terms and conditions and in reliance upon the representations, warranties and agreements set forth herein, the Underwriter hereby agrees to purchase from the District, and the District hereby agrees to sell to the Underwriter, all (but not less than all) of \$_____ aggregate principal amount of Last Frontier Healthcare District (Plumas County, California) 2024 Bond Anticipation Notes (the "Notes"), dated as of the date of their delivery, bearing interest at the rate of ____% per annum and maturing on December 1, 2025.

The Notes shall be subject to optional redemption prior to maturity as set form on Exhibit A attached hereto.

The purchase price for the Notes shall be \$_____ (which consists of the principal amount of the Notes of \$_____, less an Underwriter's discount of \$_____, plus/less an original issue premium/ discount of \$_____).

(b) The Notes shall be substantially in the form described in, shall be issued and secured under the provisions of, and shall be payable as provided in that certain Indenture, dated as of August 1, 2024 (the "Indenture"), between the District and U.S. Bank Trust Company, National Association, as trustee (the "Trustee").

(c) The Notes are being issued to provide funds to (i) finance a portion of the costs of a new 36-bed skilled nursing facility to be located on property owned by the District adjacent to its acute care hospital in Alturas, California, and (ii) fund a portion of the interest on the Notes through December 1, 2025, and pay the costs of issuance of the Notes.

(d) The Notes are secured by a pledge of (i) Gross Revenues, including amounts required to pay interest on the Notes after the proceeds of the Notes deposited in the Interest Account constituting funded interest are depleted, and (ii) any amounts held in any fund or account established pursuant to this Indenture including, but not limited to, the proceeds of the Notes deposited in the Interest Account constituting funded interest.

(e) The Notes are payable from the proceeds of (i) the USDA Take-Out Financing, (ii) Alternate Take-Out Financing, or (iii) Renewal Notes.

(f) The Notes are authorized pursuant to the provisions of Division 23 (commencing with section 32000) of the California Health and Safety Code, as now in effect and as it may from time to time hereafter be amended or supplemented, and 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 (the "Law"), the Indenture and a resolution adopted by the Board of Directors of the District on June 12, 2024 (the "Resolution").

(g) At 9:00 A.M., Pacific Daylight time, on August __, 2024, or at such earlier or later time or date as shall be agreed by the District and the Underwriter (such time and date being herein referred to as the "Closing Date"), the District will direct the Trustee to deliver the Notes to The Depository Trust Company ("DTC") in New York, New York (or to the Trustee in the event of a Fast Automated Securities Transaction ("F.A.S.T.)), for the account of the Underwriter (or at such other location as may be designated by the Underwriter), the Notes in the form of a separate single fully-registered note (being typewritten and bearing a CUSIP number), duly executed by the District and authenticated by the Trustee and, in Larkspur, California, the other documents

herein mentioned; and the Underwriter will accept such delivery and pay the purchase price of the Notes as set forth in paragraph (a) of this Section 1 by wire transfer, payable in immediately available funds (such delivery and payment being herein referred to as the “Closing”). The Notes shall be registered in the name of Cede & Co., as nominee for DTC. Notwithstanding the foregoing, neither the failure to place a CUSIP number on the Note nor any error with respect thereto shall constitute cause for a failure or refusal by the Underwriter to accept delivery of and pay for the Notes on the Closing Date in accordance with the terms of this Note Purchase Agreement.

(h) Concurrently with its acceptance hereof, or as soon as practicable but within the time period specified below, the District will deliver to the Underwriter an official statement with respect to the Notes, dated the date hereof, in substantially the same form as the Preliminary Official Statement (hereinafter defined), with only such changes therein as shall be mutually agreed upon, signed on behalf of the District (such official statement, together with all appendices thereto and any amendments or supplements thereto, is hereinafter referred to as the “Official Statement”). The District hereby authorizes the use by the Underwriter of the Indenture and the Official Statement and the information contained therein in connection with the offering and sale of the Notes, and consents to and ratifies the use by the Underwriter prior to the date hereof of a preliminary official statement, dated _____, 2024 (such preliminary official statement, together with all appendices thereto, is herein referred to as the “Preliminary Official Statement”). The District has heretofore “deemed final” certain respective portions of the Preliminary Official Statement so as to enable the Underwriter to comply with the provisions of paragraph (b)(1) of Rule 15c2-12 of the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended (the “Exchange Act”). The District hereby confirms that the information in the Official Statement is “deemed final” pursuant to said Rule. The District hereby agrees to provide to the Underwriter within seven business days of the date hereof sufficient copies of the Official Statement to enable the Underwriter to comply with the requirements of paragraph (b)(4) of Rule 15c2-12 of the Securities and Exchange Commission and with the requirements of Rule G-32 and Rule G-36 of the Municipal Securities Rulemaking Board.

2. Bona Fide Public Offering. The Underwriter agrees to make a bona fide public offering of all of the Notes, at price not in excess of the initial public offering yield or price set forth on the cover page of the Official Statement. Subject to Section 3(c), the Notes may be offered and sold to certain dealers at prices lower than such initial public offering prices; *provided, however*, that the Underwriter may offer a portion of the Notes for sale to selected dealers who are members of the Financial Industry Regulatory Authority and who agree to resell the Notes to the public on terms consistent with this Note Purchase Agreement, and the Underwriter reserves the right to change such offering price or yield as the Underwriter shall deem necessary in connection with the marketing of the Notes and to offer and sell the Notes to certain dealers (including dealers depositing the Notes into investment trusts) and others at a price lower than the initial offering price or at a yield higher than the initial yield set forth on Exhibit A attached hereto. The Underwriter also reserves the right to over-allot or effect transactions that stabilize or maintain the market price of the Notes at a level above that which might otherwise prevail in the open market and to discontinue such stabilizing, if commenced, at any time. None of such activities shall affect the principal amount, maturity date, interest rate, redemption or other provision of the Notes or the amount to be paid by the Underwriter to the District for the Notes.

3. Issue Price.

(a) The Underwriter agree to assist the District in establishing the issue price of the Notes and shall execute and deliver to the District on the Closing Date an “issue price” or similar certificate substantially in the form attached hereto as Exhibit B, with such modifications as may be appropriate or necessary, in the reasonable judgment of the Underwriter, the District and Bond

Counsel, to accurately reflect, as applicable, the sales price or the initial offering price to the public of the Notes.

(b) Except as otherwise set forth in Exhibit B, the District will treat the first price at which 10% of the Notes (the “10% test”) is sold to the public as the issue price of the Notes.

(c) The Underwriter confirms that:

(i) any selling group agreement and any third-party distribution agreement relating to the initial sale of the Notes to the public, together with the related pricing wire, contains or will contain language obligating each dealer who is a member of the selling group and each broker-dealer that is a party to such third-party distribution agreement, as applicable:

(A) to report the price at which it sells to the public the unsold Notes allocated to it, whether or not the Closing Date has occurred, until either all Notes allocated to it have been sold or it is notified by the Underwriter that the 10% test has been satisfied as to the Notes, provided that, the reporting obligation after the Closing Date may be at reasonable periodic intervals or otherwise upon request of the Underwriter,

(B) to promptly notify the Underwriter of any sales of Notes that, to its knowledge, are made to a purchaser who is a related party to an underwriter participating in the initial sale of the Notes to the public (each such term being used as defined below), and

(C) to acknowledge that, unless otherwise advised by the dealer or broker-dealer, the Underwriter shall assume that each order submitted by the dealer or broker-dealer is a sale to the public; and

(ii) any selling group agreement relating to the initial sale of the Notes to the public, together with the related pricing wire, contains or will contain language obligating each dealer that is a party to a third-party distribution agreement to be employed in connection with the initial sale of the Notes to the public to require each broker-dealer that is a party to such third-party distribution agreement to report the price at which it sells to the public the unsold Notes allocated to it, whether or not the Closing Date has occurred, until either all Notes allocated to it have been sold or it is notified by the Underwriter or the dealer that the 10% test has been satisfied as to the Notes of that maturity, provided that, the reporting obligation after the Closing Date may be at reasonable periodic intervals or otherwise upon request of the Underwriter or the dealer.

(d) The Underwriter acknowledge that sales of any Notes to any person that is a related party to the Underwriter shall not constitute sales to the public for purposes of this Section 3. Further, for purposes of this Section 3:

(i) “public” means any person other than an Underwriter or a related party,

(ii) “underwriter” means (A) any person that agrees pursuant to a written contract with the District (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Notes to the public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Notes to the public (including a member of a selling

group or a party to a third-party distribution agreement participating in the initial sale of the Notes to the public), and

(iii) a purchaser of any of the Notes is a “related party” to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (A) at least 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (B) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (C) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other), and

(iv) “sale date” means the date of execution of this Note Purchase Agreement by all parties.

4. Representations, Warranties and Agreements of the District. The District represents and warrants to, and agrees with, the Underwriter that:

(a) The District is and will be at the Closing Date duly organized and existing under the Constitution and laws of the State of California as a local health care district with the full power and authority to issue the Notes, and to carry out and consummate the transactions contemplated by this Note Purchase Agreement, the Indenture, the Official Statement and the Continuing Disclosure Certificate of the District, dated the Closing Date (the “Disclosure Certificate”);

(b) When delivered to and paid for by the Underwriter at the Closing in accordance with the provisions of this Note Purchase Agreement, the Notes will have been duly authorized, executed, issued and delivered and will constitute valid and binding limited obligations of the District in conformity with, and entitled to the benefit and security of, the Indenture;

(c) By official action of the District prior to or concurrently with the acceptance hereof, the District has ratified or authorized the distribution of the Preliminary Official Statement, approved and authorized the distribution of the Official Statement, authorized and approved the execution and delivery of, and the performance by the District of the obligations on its part contained in, the Notes, the Indenture, this Note Purchase Agreement and the Disclosure Certificate;

(d) There is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, governmental agency, public board or body, pending or, to the knowledge of the District, threatened against the District or its properties or operations (i) seeking to restrain or enjoin the issuance, sale, execution or delivery of the Notes, (ii) in any way contesting or affecting the validity of the Notes, any proceedings of the District taken concerning the issuance or sale thereof, the pledge or application of any moneys or security provided for the payment of the Notes, the completeness or accuracy of the Preliminary Official Statement or the Official Statement, or the existence or powers of the District relating to the issuance of the Notes, or (iii) which, if determined adversely to the interests of the District or its interests, would have a material and adverse effect on the consummation of the transactions contemplated by or the validity of the Indenture, the Disclosure Certificate, the Official Statement or this Note Purchase Agreement or on the financial condition, properties or operations of the District;

(e) The execution and delivery of the Notes, the Indenture, the Disclosure Certificate and this Note Purchase Agreement, and the consummation of the transactions therein and herein contemplated, and the fulfillment of or compliance with the terms and conditions thereof and

hereof will not conflict with or constitute a violation or breach of or default (with due notice or the passage of time or both) under any applicable law or administrative rule or regulation, or any applicable court or administrative decree or order, or any indenture, mortgage, deed of trust, loan agreement, lease, contract or other agreement or instrument to which the District is a party or by which it or its properties are otherwise subject or bound, or result in the creation or imposition of any prohibited lien, charge or encumbrance of any nature whatsoever upon any of the property or assets of the District, which conflict, violation, breach, default, lien, charge or encumbrance might have consequences that would materially and adversely affect the consummation of the transactions contemplated by this Note Purchase Agreement or the financial condition, properties or operations of the District or its properties.

(f) The District is not in breach or default under any applicable law or administrative regulation of the State of California or the United States or any applicable judgment or decree or any loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the District is a party or is otherwise subject, which breach or default may have consequences that would materially and adversely affect the consummation of the transactions described in the Indenture, the Disclosure Certificate, this Note Purchase Agreement, the Preliminary Official Statement or the Official Statement, and no event has occurred and is continuing which, with the passage of time or the giving of notice, or both, would constitute such a default or an event of default under any such instrument;

(g) Both at the time of acceptance hereof by the District, and at the Closing Date, neither the Preliminary Official Statement nor the Official Statement does or will not contain any untrue statement of a material fact or omit any statement or information concerning the District which is necessary to make such statements and information therein, in the light of the circumstances under which they were made, not misleading in any material respect;

(h) If between the date of this Note Purchase Agreement and 90 days following the Closing Date any event shall occur which might or would cause the Official Statement to contain any untrue statement of a material fact or to omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, the District shall notify the Underwriter and if, in the opinion of the Underwriter, such event requires the preparation and publication of a supplement or amendment to the Official Statement, the District will supplement or amend the Official Statement in a form and in a manner approved by the Underwriter, provided all expenses thereby incurred will be paid by the District. If the Official Statement is so supplemented or amended prior to the Closing, such approval by the Underwriter of a supplement or amendment to the Official Statement shall not preclude the Underwriter from thereafter terminating this Note Purchase Agreement, and if the Official Statement is so amended or supplemented subsequent to the date hereof and prior to the Closing, the Underwriter may terminate this Note Purchase Agreement by notification to the District at any time prior to the Closing if, in the reasonable judgment of the Underwriter, such amendment or supplement has or will have a material adverse effect on the marketability of the Notes.

(i) The District has not incurred any material liabilities, direct or contingent, nor has there been any material adverse change in the financial position, results of operation or condition, financial or otherwise, of the District since June 30, 202_, which is not described in the Preliminary Official Statement or the Official Statement, whether or not arising from transactions in the ordinary course of business;

(j) Between the date hereof and the date of the Closing, the District will not, without the prior written consent of the Underwriter, except as described in or contemplated by the Official Statement, incur any material liabilities, direct or contingent, other than in the ordinary course of business;

(k) All approvals, consents, authorizations, certifications and other orders of any governmental authority, board, agency or commission having jurisdiction, and all filings with any such entities, which would constitute conditions precedent to or the failure to obtain which would materially adversely affect the performance by the District of its obligations hereunder or under the Indenture, the Disclosure Certificate or the consummation of the transactions described in the Official Statement have been or will be duly obtained and no further consent, approval, authorization or other action by any governmental or regulatory authority having jurisdiction over the District is or will be required for the issue and sale of the Notes or the consummation by the District of the other transactions described in this Note Purchase Agreement and the Official Statement, except as such may be required under the state securities or Blue Sky laws in connection with the distribution of the Notes by the Underwriter (as to which no representation or warranty is given by the District);

(l) After the Closing, the District will (a) not participate in the issuance of any amendment of or supplement to the Official Statement to which, after being furnished with a copy, the Underwriter shall reasonably object in writing or which shall be disapproved by its counsel and (b) for so long as the Underwriter is obligated by Rule 15c2-12 to deliver Official Statements to prospective purchasers, if any event relating to or affecting the District or its present or proposed facilities shall occur as a result of which it is necessary, in the opinion of counsel for the Underwriter, to amend or supplement the Official Statement in order to make the Official Statement not misleading in the light of the circumstances existing at the time it is delivered to a purchaser, forthwith prepare and furnish to the Underwriter (at the expense of the District for 25 days from the date of Closing, and thereafter at the expense of the Underwriter) a reasonable number of copies of an amendment of or supplement to the Official Statement (in form and substance satisfactory to counsel for the Underwriter) which will amend or supplement the Official Statement so that it will not contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances existing at the time the Official Statement is delivered to a purchaser, not misleading. For the purposes of this subsection, the District will furnish such information with respect to itself and its present and proposed facilities as the Underwriter may from time to time reasonably request. Unless otherwise notified by the Underwriter, the District can assume that the underwriting period (as defined in Rule 15c2-12) ends on the Closing Date;

(m) The District will furnish such information, execute such instruments and take such other action in cooperation with the Underwriter as the Underwriter may reasonably request in order for the Underwriter (i) to qualify the Notes for offer and sale under the Blue Sky or other securities laws and regulations of such states and other jurisdictions of the United States as the Underwriter may designate and (ii) to determine the eligibility of the Notes for investment under the laws of such state and other jurisdictions, and will use its best efforts to continue such qualification in effect so long as required for distribution of the Notes; provided, however, that in no event shall the District be required to take any action which would subject it to general or unlimited service of process in any jurisdiction in which it is not now so subject;

(n) The audited financial statements of the District for the fiscal year ended June 30, 2022 which are referred to in the Preliminary Official Statement and the Official Statement (and summarized in Appendix A thereto), present fairly and accurately the financial condition and operations of the District for that period in accordance with generally accepted accounting principles and on a basis consistent with past accounting practices reflected in the prior fiscal year's audited financial statements; and

(o) Except as described in the Preliminary Official Statement and the Official Statement, the District has complied, in all material respect, with all continuing disclosure obligations it has undertaken, and which have been in effect for the past five years.

The execution and delivery of this Note Purchase Agreement by the District shall constitute a representation by the District to the Underwriter that the representations, warranties and agreements contained in this Section 4 are true as of the date hereof; provided that as to all matters of law the District is relying on the advice of counsel to the District; and provided further that no member of the governing body of the District shall be individually liable for the breach of any representation, warranty or agreement contained herein.

5. Conditions to the Obligations of the Underwriter. The obligation of the Underwriter to accept delivery of and pay for the Notes on the Closing Date shall be subject, at the option of the Underwriter, to the accuracy in all material respects of the representations, warranties and agreements on the part of the District contained herein as of the date hereof and as of the Closing Date, to the accuracy in all material respects of the statements of the officers and other officials of the District made in any certificates or other documents furnished pursuant to the provisions hereof, and to the performance by the District of its obligations to be performed hereunder at or prior to the Closing Date and to the following additional conditions:

(a) At the Closing Date, the Official Statement, the Indenture, this Note Purchase Agreement and the Disclosure Certificate shall be in full force and effect in the form heretofore submitted to the Underwriter, with only such changes as shall be agreed to in writing by the Underwriter, and there shall have been taken in connection with the issuance of the Notes and with the transactions contemplated thereby and by this Note Purchase Agreement, all such actions as, in the opinion of Stradling Yocca Carlson & Rauth LLP, Bond Counsel, shall be necessary and appropriate;

(b) At the Closing Date, the Official Statement, the Indenture, this Note Purchase Agreement and the Disclosure Certificate shall not have been amended, modified or supplemented, except as may have been agreed to in writing by the Underwriter;

(c) Between the date hereof and the Closing Date, the market price or marketability, at the initial offering prices set forth in the Official Statement, of the Notes shall not have been materially adversely affected, in the judgment of the Underwriter, by reason of any of the following:

(1) legislation shall have been enacted by the Congress of the United States or the Legislature of the State of California or favorably reported thereto for passage by any Committee to which such legislation has been referred for consideration or be pending before any such Committee or shall have been recommended to the Congress of the United States for passage by the President of the United States or recommended to the Legislature of the State of California for passage by the Governor of the State of California, or a decision shall have been rendered by a court of the United States, including the Tax Court of the United States, or of the State of California, or a ruling or an official release shall have been made or a regulation shall have been proposed or made by the Treasury Department of the United States or the Internal Revenue Service or other federal or State of California authority having jurisdiction over tax matters, with respect to federal or State of California taxation upon revenues or other income of the District or upon interest on obligations of the general character of the Notes, or other actions or events shall have transpired that would, in the reasonable judgment of the Underwriter, have the purpose or effect, directly or indirectly, of changing the federal or State of California tax consequences of any of the transactions contemplated in connection herewith and that in the reasonable judgment of the Underwriter, affects materially and adversely (i) the

market price or marketability of the Notes or (ii) the ability of the Underwriter to enforce contracts for the sale of the Notes;

(2) legislation shall have been enacted or introduced in the Congress or recommended for passage by the President of the United States, or a decision rendered by a court of competent jurisdiction or by the Tax Court of the United States, or an order, ruling, regulation (final, temporary or proposed) or official statement issued or made by or on behalf of the Securities and Exchange Commission, or any other governmental agency having jurisdiction of the subject matter, to the effect that obligations of the general character of the Notes, or the Notes, including any or all underlying obligations, are not exempt from registration under the Securities Act of 1933, as amended (the "Securities Act"), that the Indenture is not exempt from qualification under the Trust Indenture Act of 1939, as amended (the "Trust Indenture Act"), or that the issuance, offering or sale of the Notes, including any or all underlying obligations, is or would be in violation of the federal securities laws as amended and then in effect or that suspends the use of the Official Statement or any supplement thereto or any proceeding for such purpose shall have been initiated or threatened in any such court or by any such authority;

(3) the outbreak or escalation of hostilities involving the United States or the declaration by the United States of a national emergency or war or the engagement in major hostilities by the United States or the occurrence of any other national emergency or calamity relating to the effective operation of the government of or the financial community in the United States;

(4) the declaration of a general banking moratorium by federal, New York or California authorities, or the general suspension of trading on any national securities exchange;

(5) the imposition by the New York Stock Exchange or other national securities exchange, or any governmental authority, of any material restrictions not now in force with respect to the Notes or obligations of the general character of the Notes or securities generally, or the material increase of any such restrictions now in force, including those relating to the extension of credit by, or the charge to the net capital requirements of, Underwriter;

(6) the withdrawal or downgrading of any rating of the Notes by a national rating agency or notice having been given by a national rating agency of any intended or potential downgrading or other review or possible change in such rating that does not indicate the direction of such possible change;

(7) any event occurring, or information becoming known which, in the reasonable judgment of the Underwriter, makes untrue in any material respect any statement or information contained in the Official Statement, or has the effect that the Official Statement contains any untrue statement of material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; or

(8) an order, ruling, regulation (final, temporary or proposed), press release, statement or other form of notice by or on behalf of the Treasury Department of the United States, the Internal Revenue Service or other governmental agency relating to Circular 230 (31 C.F.R. part 10) is issued, made or proposed, that, in the judgment of the Underwriter, affects materially and adversely the market for the Notes or the market price generally of obligations of the general character of the Notes.

(d) At or prior to the Closing Date, the Underwriter shall have received the following documents, in each case satisfactory in form and substance to the Underwriter:

(1) Copies of the Indenture and the Disclosure Certificate, duly executed and delivered by the respective parties thereto, with such amendments, modifications or supplements as may have been agreed to in writing by the Underwriter;

(2) An approving opinion, dated the Closing Date and addressed to the District, of Stradling Yocca Carlson & Rauth LLP, Bond Counsel, in substantially the form attached as Appendix D to the Official Statement, together with letters from said Bond Counsel authorizing the Underwriter and the Trustee to rely on said opinion, and a supplemental opinion in form acceptable to the Underwriter and the District, dated the Closing Date and addressed to the Underwriter and the District, to the effect that:

(i) the Note Purchase Agreement has been duly executed and delivered by the District and, assuming due authorization, execution and delivery by the Underwriter, is a valid and binding obligation of the District, subject to laws relating to bankruptcy, insolvency, reorganization arrangement, fraudulent conveyance, moratorium or other laws affecting creditors' rights generally, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against a local health care district in the State of California;

(ii) the statements contained in the Official Statement in the sections thereof entitled: "THE NOTES," "SECURITY FOR THE NOTES," "TAX MATTERS," "EXHIBIT C—SUMMARY OF PRINCIPAL LEGAL DOCUMENTS," and "EXHIBIT D—FORM OF FINAL OPINION OF BOND COUNSEL," insofar as such statements expressly summarize certain provisions of the Notes, the Indenture, the Disclosure Certificate and Bond Counsel's opinion concerning certain tax matters are accurate in all material respects; and

(iii) the Notes are not subject to the registration requirements of the Securities Act of 1933, as amended, and the Indenture is exempt from qualification as an indenture pursuant to the Trust Indenture Act of 1939, as amended.

(3) An opinion dated the Closing Date and addressed to the District and the Underwriter, of _____, counsel to the District, in substantially the form attached hereto as Exhibit C.

(4) A certificate of the Chief Executive Officer of the District, or such other officer as is acceptable to the Underwriter, dated the Closing Date, to the effect that the representations and agreements of the District contained herein are true and correct in all material respects as of the Closing Date, and:

(i) no litigation is pending or, to the knowledge of such officer, threatened (a) to restrain or enjoin the issuance or delivery of any of the Notes, (b) in any way contesting or affecting the authority for the issuance of the Notes or the validity of the Notes, the Indenture, the Disclosure Certificate or this Note Purchase Agreement, or (c) in any way contesting the existence or powers of the District;

(ii) no event affecting the District has occurred since the date of the Official Statement which would cause as of the Closing Date any statement or information

contained in the Official Statement to contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements and information therein, in the light of the circumstances under which they were made, not misleading;

(iii) since June 30, 202_, no material and adverse change has occurred in the financial position or results of operations of the District other than as is set forth in the Official Statement;

(iv) the District has not, since June 30, 202_, incurred any material liabilities other than in the ordinary course of business or as set forth in or contemplated by the Official Statement; and

(v) no proceedings are pending or threatened (1) in any way contesting or affecting the District's status as a local health care district or (2) to subject any income of the District to federal income taxation.

(5) An opinion of Stradling Yocca Carlson & Rauth LLP, as disclosure counsel ("Disclosure Counsel"), addressed to the District and the Underwriter, to the effect that the Notes are not subject to the registration requirements of the Securities Act of 1933, as amended, and to the effect that, based upon its participation in the preparation of the Official Statement as Disclosure Counsel and without having undertaken to determine independently the fairness, accuracy or completeness of the statements contained in the Official Statement, such counsel has no reason to believe that, as of the date of the Official Statement or as of the date of Closing, the Official Statement (excluding therefrom the reports, financial and statistical data and forecasts therein, the information with respect to DTC and the book-entry system and the information included in Appendices thereto, as to which no opinion need be expressed) contains any untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(6) A certified copy of the Resolution authorizing the execution and delivery of the Notes, the Indenture, the Disclosure Certificate, the Note Purchase Agreement and the Official Statement and ratifying the distribution of the Preliminary Official Statement and authorizing distribution of the Official Statement;

(7) An opinion of counsel to the Trustee in form and substance satisfactory to the Underwriter and Bond Counsel;

(8) A certificate of the Trustee, dated the Closing Date and signed by an authorized Underwriter of the Trustee, to the effect that:

(i) The Trustee is a duly organized and existing national banking association in good standing under the laws of the United States of America and has all necessary power and authority to enter into and perform its duties under the Indenture;

(ii) The Trustee is duly authorized to enter into the Indenture and has duly executed and delivered the Indenture;

(iii) The Notes have been duly authenticated and delivered by the Trustee;

(iv) The execution and delivery of the Indenture and the authentication and delivery of the Notes and compliance with the provisions thereof, will not conflict with, or constitute a breach of or default under, the Trustee's duties under any law, administrative regulation, court decree, resolution, articles of association, bylaws or other agreement to which the Trustee is subject or by which it is or may be bound; provided, however, the Trustee need not make any representations and warranties with respect to compliance with any federal and state securities laws; and

(v) There is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, governmental agency, public board or body, served upon or, to the best of the Trustee's knowledge, threatened against the Trustee, affecting the existence of the Trustee, or the entitlement of its officers to their respective offices or seeking to prohibit, restrain or enjoin the execution and delivery of the Notes or the collection of revenues pledged or to be pledged to pay the principal, redemption premium, if any, and interest represented by the Notes, or the pledge thereof, or in any way contesting or affecting the validity or enforceability of the Indenture, or the Notes; or contesting the power or authority of the Trustee to enter into, adopt or perform its obligations under any of the foregoing, wherein an unfavorable decision, ruling or finding would materially adversely affect the validity or enforceability of the Indenture or the Notes;

(9) An opinion of _____, counsel to the Underwriter, in form and substance satisfactory to the Underwriter;

(10) Such additional legal opinions, certificates, proceedings, instruments and other documents as the Underwriter, Bond Counsel or counsel to the Underwriter may reasonably request to evidence compliance by the District with legal requirements, the truth and accuracy, as of the Closing Date, of the representations of the District contained herein, and the due performance or satisfaction by the District at or prior to such time of all agreements then to be performed and all conditions then to be satisfied by the District.

If the District shall be unable to satisfy the conditions to the Underwriter's obligations contained in this Note Purchase Agreement or if the Underwriter's obligations shall be terminated for any reason permitted herein, this Note Purchase Agreement shall terminate and neither the Underwriter nor the District shall have any further obligation hereunder.

6. Indemnification. To the extent permitted by law, the District agrees to indemnify and hold harmless the Underwriter and each person, if any, who controls (as such term is defined in section 15 of the Securities Act) the Underwriter against any and all losses, claims, damages, liabilities and expenses (i) arising out of any statement or information in the Preliminary Official Statement or in the Official Statement that is or is alleged to be untrue or incorrect in any material respect or the omission or alleged omission therefrom of any statement or information that should be stated therein or that is necessary to make the statements therein not misleading in any material respect, and (ii) to the extent of the aggregate amount paid in settlement of any litigation commenced or threatened arising from a claim based upon any such untrue statement or omission if such settlement is effected with the written consent of the District; provided, however, that in no event shall this indemnification agreement inure to the benefit of the Underwriter (or any person controlling the Underwriter) on account of any losses, claims, damages, liabilities or actions founded on any untrue statement or omission contained in the Preliminary Official Statement or Official Statement arising from the sale of the Notes upon the public offering to any person by the Underwriter if such losses, claims, damages, liabilities or actions arise out of, or are based upon, an untrue statement or omission or alleged untrue statement or omission which is

the basis of the loss, claim, damage, liability or action for which indemnification is sought and a copy of the Official Statement had not been sent or given to such person at or prior to confirmation of such sale to him or her, unless such failure to deliver the Official Statement was a result of noncompliance by the District with Section 1(g), Section 4(h) or Section 4(l) hereof. In case any claim shall be made, or action brought against the Underwriter or any controlling person based upon the Official Statement for which indemnity may be sought against the District, as provided above, the Underwriter shall promptly notify the District in writing setting forth the particulars of such claim or action and the District shall assume the defense thereof, including the retaining of counsel acceptable to the District and the payment of all expenses. The Underwriter or any such controlling person shall have the right to retain separate counsel in any such action but shall bear the fees and expenses of such counsel unless (i) the District shall have specifically authorized the retaining of such counsel or (ii) the parties to such suit include the Underwriter or any controlling person or persons, and the District and the Underwriter or controlling person or persons have been advised by such counsel that one or more legal defenses may be available to it or them which may not be available to the District, in which case the District shall not be entitled to assume the defense of such suit notwithstanding its obligation to bear the fees and expenses of such counsel.

7. Contribution. In order to provide for just and equitable contribution in circumstances in which the indemnification provided for in Section 6 hereof is applicable but for any reason is held to be unavailable from the District, to the extent permitted by law, the District and the Underwriter shall contribute to the aggregate losses, claims, damages and liabilities (including any investigation, legal and other expenses incurred in connection with, and any amount paid in settlement of, any action, suit or proceeding or any claims asserted, but after deducting any contribution received by the District from persons who control the District within the meaning of the federal securities acts, officers of the District who signed the Official Statement, who may also be liable for contribution) to which the District and the Underwriter may be subject in such proportions that the Underwriter is responsible for that portion represented by the percentage that the underwriting discount set forth in the Official Statement bears to the offering price appearing thereon and the District is responsible for the balance; provided, however, that (i) in no case shall the Underwriter be responsible for any amount in excess of the underwriting discount applicable to the Notes purchased by the Underwriter pursuant to the Note Purchase Agreement and (ii) no person guilty of fraudulent misrepresentation (within the meaning of section 11(f) of the Securities Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation. For purposes of this Section 7, each person, if any, who controls the Underwriter within the meaning of the federal securities acts, shall have the same rights to contribution as the Underwriter, each person, if any, who controls the District within the meaning of the federal securities acts and each officer of the District who shall have signed the Official Statement shall have the same rights to contribution as the District, subject in each case to clauses (i) and (ii) of this Section 7. Any party entitled to contribution will, promptly after receipt of notice of commencement of any action, suit or proceeding against such party in respect of which a claim for contribution may be made against another party or parties under this Section 7, notify such party or parties from whom contribution may be sought, but the omission to so notify such party from whom contribution may be sought shall not relieve the party or parties from whom contribution may be sought from any other obligation or they may have hereunder or otherwise than under this Section 7. No party shall be liable for contribution with respect to any action or claim settled without its consent.

8. Expenses. All reasonable expenses and costs of the District incident to the performance of its obligations in connection with the authorization, issuance and sale of the Notes to the Underwriter, including printing costs, fees and expenses of the Trustee, fees and expenses of financial and other consultants and reasonable fees and expenses of Bond Counsel, counsel to the District and Disclosure Counsel, shall be paid by the District. All fees and expenses to be paid by

the District pursuant to this Note Purchase Agreement may be paid from Note proceeds to the extent permitted by the Indenture and the USDA. All out-of-pocket expenses of the Underwriter, including travel and other expenses, CUSIP Service Bureau charges and California Debt Advisory Commission fees, shall be paid by the Underwriter.

9. Notices. Any notice or other communication to be given to the District under this Note Purchase Agreement may be given by delivering the same in writing at the District's address set forth above; any notice or other communication to be given to the Underwriter under this Note Purchase Agreement may be given by delivering the same in writing to Municipal Capital Markets Group, Inc., 8400 East Prentice Avenue, Suite 500, Greenwood Village, CO 80111, Attention: Mr. Christopher R. Perlitz, Managing Director. The approval of the Underwriter when required hereunder or the determination of its satisfaction as to any document referred to herein shall be in writing signed by the Underwriter and delivered to the District.

10. Parties in Interest; Survival of Representations and Warranties. This Note Purchase Agreement is made solely for the benefit of the District and the Underwriter (including the successors or assigns of the Underwriter), and no other person shall acquire or have any right hereunder or by virtue hereof. All the representations, warranties and agreements made by the District in this Note Purchase Agreement shall remain operative and in full force and effect, regardless of (i) any investigations made by or on behalf of the Underwriter, (ii) delivery of and payment for the Notes hereunder, and (iii) any termination of this Note Purchase Agreement.

11. Governing Law. This Note Purchase Agreement shall be governed by the laws of the State of California.

12. Miscellaneous. The headings of the sections of this Note Purchase Agreement are inserted for convenience only and shall not be deemed to be part hereof.

13. Counterparts. This Note Purchase Agreement may be signed in two or more counterparts (including counterparts represented by facsimile copies and/or containing facsimile signatures); all such counterparts, when signed by all parties, shall constitute but one single agreement.

Very truly yours,

MUNICIPAL CAPITAL MARKETS
GROUP, INC., as Underwriter

By _____
Christopher R. Perlitz
Managing Director

Accepted and Agreed to:

LAST FRONTIER HEALTHCARE
DISTRICT

By _____
Name _____
Title _____

EXHIBIT A

REDEMPTION PROVISIONS

Optional Redemption. The Notes are subject to redemption prior to their respective stated maturities upon not less than thirty (30) calendar days prior written notice by the District to the Trustee, from moneys deposited in the Optional Redemption Account or from any other source of available funds, as a whole or in part (in such maturities as are designated by the District, or if the District fails to so designate, in inverse order of maturity, and by lot within a maturity) on any date on or after _____, at a redemption price equal to the principal amount of Notes called for redemption, together with accrued interest to the date fixed for redemption, without premium.

EXHIBIT B

FORM OF ISSUE PRICE CERTIFICATE

\$ _____
LAST FRONTIER HEALTHCARE DISTRICT
2024 Bond Anticipation Notes

ISSUE PRICE CERTIFICATE OF UNDERWRITER

The undersigned, on behalf of Municipal Capital Markets Group, Inc. (“MCMG”), hereby certifies as set forth below with respect to the sale and issuance of the above-captioned notes (the “Notes”).

1. **Note Purchase Agreement.** On _____, 2024 (the “Sale Date”), MCMG and the Last Frontier Healthcare District (the “District”) executed a note purchase agreement (the “Purchase Agreement”) in connection with the sale of the Notes. MCMG has not modified the Purchase Agreement since its execution on the Sale Date.
2. **Price.** As of the date of this Certificate, at least 10% of the Notes was sold to the Public at the price of _____.
3. **Defined Terms.**
 - (a) “Public” means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term “related party” for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.
 - (b) “Underwriter” means (i) any person that agrees pursuant to a written contract with the District (or with the lead Underwriter to form an underwriting syndicate) to participate in the initial sale of the Notes to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Notes to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Notes to the Public).

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents MCMG’s interpretation of any laws, including specifically sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the District with respect to certain of the representations set forth in the Tax. Certificate of the District dated _____, 2024, and with respect to compliance with the federal income tax rules affecting the Notes, and by Bond Counsel, in connection with rendering its opinion that the interest on the Notes is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the District from time to time relating to the Notes.

MUNICIPAL CAPITAL MARKETS GROUP, INC., ss
Underwriter

By: _____
Managing Director

EXHIBIT C

FORM OF OPINION OF COUNSEL TO THE DISTRICT

[Closing Date]

MCMG Securities Inc.
8400 East Prentice Avenue, Suite 500
Greenwood Village, CO 80111

Re: \$_____ Last Frontier Healthcare District (Plumas County, California) 2024 Bond Anticipation Notes

Ladies and Gentlemen:

We have served as District Counsel for the Last Frontier Healthcare District (the "District") in connection with the issuance of Last Frontier Healthcare District (Plumas County, California) 2024 Bond Anticipation Notes (the "Notes"), by the District in the aggregate principal amount of \$_____. The Notes are issued pursuant to the provisions of Division 23 (commencing with section 32000) of the California Health and Safety Code, as now in effect and as it may from time to time hereafter be amended or supplemented, and the provisions of Article 11 (commencing with section 53580) of the California Government Code and are issued under and secured by an Indenture of Trust, dated as of August 1, 2024 (the "Indenture"), by and between the District and Zions Bancorporation, National Association, as trustee (the "Trustee"). The Notes are being sold pursuant to a Note Purchase Agreement, dated _____, 2024 (the "Note Purchase Agreement"), between the District and MCMG Securities Inc., as underwriter.

The proceeds from the sale of the Notes will be used to provide funds to (i) finance a portion of the costs of a new 50-bed skilled nursing facility to be located on property owned by the District adjacent to its acute care hospital in Alturas, California, (ii) fund interest on the Notes through December 1, 2025, and (iii) pay the costs of issuing the Notes.

In connection with this opinion, we have assumed the authenticity of all records, documents, and instruments submitted to us as originals, the genuineness of all signatures, the legal capacity of natural persons and the conformity to the originals of all records, documents, and instruments submitted to us as copies. We also have assumed that there are no facts or circumstances relating to you that might prevent you from enforcing any of the rights to which our opinion relates. We have based our opinion upon our review of the following records, documents and instruments:

- (a) A copy of the Indenture.
- (b) A copy of the Note Purchase Agreement.
- (c) A copy of the Disclosure Certificate (hereinafter defined).
- (d) A copy of the Preliminary Official Statement, dated _____, 2024 (the "Preliminary Official Statement") and the Official Statement, dated _____, 2024 (the "Official Statement") relating to the Notes.

- (e) Resolution No. _____ adopted by the District as required by section 32316 of the California Health and Safety Code.
- (f) Ordinance No. _____ adopted by the District as required by section 32320 of the California Health and Safety Code.
- (g) Resolution No. _____ (the "Resolution") adopted by the District authorizing the execution and delivery of the Notes and the Transaction Documents (hereinafter defined).

The documents and instruments listed above are collectively referred to herein as the "Transaction Documents."

Where our opinion relates to our "knowledge," such knowledge is based upon our examination of the records, documents, instruments, and certificates enumerated or described above and the actual knowledge of attorneys in this firm who are currently involved in substantive legal representation of the District. With your consent, we have not examined any records of any court, administrative tribunal or other similar entity in connection with our opinion. Except as described herein, we have undertaken no investigation or verification of such matters.

Based upon the foregoing and our examination of such questions of law as we have deemed necessary or appropriate for the purpose of this opinion, and subject to the limitations and qualifications expressed below, it is our opinion that:

(1) The District is a local health care district duly existing under the laws of the State of California, has full legal right, power and authority to enter into the Indenture, the Note Purchase Agreement, the Continuing Disclosure Certificate, dated _____, 2024 (the "Disclosure Certificate") and the Official Statement and to carry out and consummate all transactions contemplated by the Indenture, the Note Purchase Agreement, the Disclosure Certificate and the Official Statement.

(2) The Official Statement has been duly authorized, executed and delivered by the District.

(3) The Resolution, approving and authorizing the execution of the Indenture, the Note Purchase Agreement, the Notes, the Disclosure Certificate and the Official Statement was duly adopted at a meeting of the governing body of the District which was called and held pursuant to law and with all public notice required by law and at which a quorum was present and voted.

(4) To our knowledge, except for litigation disclosed in the Official Statement, there is no action, suit, proceeding or investigation at law or in equity before or by any court, public board or body pending or threatened against the District to restrain or enjoin the issuance or delivery of the Notes or the collection of revenues pledged under the Indenture, contesting any authority for the issuance of the Notes or the validity of the Notes, the Indenture, the Disclosure Certificate or the Note Purchase Agreement, contesting the existence or powers of the District with respect to the issuance of the Notes or the security therefor wherein an unfavorable decision, ruling or finding would adversely affect the transactions contemplated by the Official Statement, the Indenture, the Disclosure Certificate, the Note Purchase Agreement or the validity of the Notes.

(5) The Notes, the Indenture, the Official Statement, the Disclosure Certificate and the Note Purchase Agreement have been duly authorized, executed and delivered by the District and, assuming due authorization, execution and delivery by the other parties thereto where applicable, are valid and binding limited obligations of the District enforceable in accordance with their terms.

(6) Based upon the information made available to us in the course of our participation in the preparation of the Official Statement as counsel for the District, and without having undertaken to determine independently or assuming any responsibility for the accuracy, completeness or fairness of the statements contained in the Official Statement, to our knowledge the Official Statement (excluding therefrom the financial, statistical and economic data or determinations or forecasts, numbers, charts, tables, graphs, estimates, projections, assumptions and expressions of opinion, and the information about DTC and the book-entry system included in the Official Statement, as to which we express no opinion) contains any untrue statement of a material fact or omits to state a material fact necessary in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading.

This opinion is limited to the federal laws of the United States of America and the laws of the State of California. We disclaim any opinion as to the laws of any other jurisdiction and we further disclaim any opinion as to any statute, rule, regulation, ordinance, order or other promulgation of any regional or local governmental body. This opinion is based upon the law in effect on the date hereof, and we assume no obligations to revise or supplement this opinion should such law be changed by legislative action, judicial decision, or otherwise. In connection with this opinion letter, we also have assumed the following: (a) consideration has been duly given under the Transaction Documents; (b) the District is the legal, beneficial and record owner of the collateral described in any Transaction Documents and the descriptions of collateral in the Transaction Documents sufficiently describe the collateral intended to be covered by such documents; (c) any lien documents are in suitable form, notarized if required, and duly filed or recorded with the appropriate government offices; (d) the Transaction Documents accurately describe the mutual understanding of the parties thereto, and that there are no oral or written statements that modify, amend, or vary, or purport to modify, amend, or vary, any of the terms of the Transaction Documents; (e) the information, factual matters, representations and warranties contained in the Transaction Documents, records, certificates and other documents we have reviewed are true, correct and complete; and (f) the other parties to Transaction Documents have the proper authority to engage in the transactions contemplated thereunder and at all times have complied and will comply with the Transaction Documents and related documents and with all applicable requirements governing their actions and will act in a commercially reasonable manner.

In connection with this opinion, we advise you that:

A. Enforceability is subject (i) to bankruptcy, insolvency, reorganization, arrangement, moratorium, and other laws of general applicability relating to or affecting creditors' rights, (ii) to general principles of equity, whether such enforcement is considered in a proceeding in equity or at law, (iii) to limitations imposed by applicable law or public policy on the enforceability of the indemnification provisions, and (iv) to the qualification that certain waivers, procedures, remedies, and other provisions of the Transaction Documents may be unenforceable under or limited by applicable law.

B. The enforceability of the Transaction Documents is further subject to the effect of general principles of equity. These principles include, without limitation, concepts of commercial reasonableness, materiality and good faith and fair dealing. These principles require the parties to act reasonably, in good faith and in a manner that is not arbitrary or capricious in the

administration and enforcement of the Transaction Documents and will preclude them from invoking penalties for defaults that bear no reasonable relation to the damage suffered or that would otherwise work a forfeiture.

C. The effectiveness of indemnities, rights of contribution, exculpatory provisions and waivers of the benefits of statutory provisions may be limited on public policy grounds.

D. Section 1717 of the California Civil Code provides that, in any action on a contract where the contract specifically provides that attorneys' fees and costs incurred to enforce that contract shall be awarded either to one of the parties or to the prevailing party, then the party who is determined to be the party prevailing in the action, whether that party is the party specified in the contract or not, shall be entitled to reasonable attorneys' fees in addition to other costs.

E. Any provisions of the Transaction Documents requiring that waivers must be in writing may not be binding or enforceable if a non-executory oral agreement has been created modifying any such provision or an implied agreement by trade practice or course of conduct has given rise to a waiver.

F. Section 9109(d)17 of the California Uniform Commercial Code (the "Code") provides that the secured transactions provisions of the Code do not apply to transfers by a government or governmental unit, and, therefore, the rights and remedies of the Trustee under the Transaction Documents which purport to incorporate rights and remedies under the Code may not be enforceable and as such, we express no opinion on such matters.

G. Any provisions of the Transaction Documents regarding another party's right to apply proceeds of fire or other casualty insurance policies or awards of damages in condemnation proceedings against the District's secured obligations will not be enforceable unless application of such proceeds or damages is reasonably necessary to protect such security interests.

H. We assume that in the enforcement of any lien documents, all parties will act in accordance with applicable statutory and other legal requirements, including applicable case law and that enforcement of rights or remedies thereunder may be limited when imposing fees and charges in the event of default, upon acceleration of the District's obligations for transfers of interests, leases, or grants of junior encumbrances, attempting to secure a deficiency claim before exhausting the secured property or other remedies, among other things.

I. We have further relied on certain representations, warranties and covenants of the District in the Transaction Documents. Any variations may affect the opinions we are giving.

J. In connection with our opinion, we have not reviewed and express no opinion on (i) financial statements or covenants, financial or audit reports or the consents related thereto or similar provisions requiring financial calculations or determinations, (ii) provisions relating to the occurrence of a "material adverse effect" or similar words, or (iii) parol evidence bearing on interpretation or construction.

We express no opinion as to: (a) the priority of any lien or security interest created, or purported to be created, by any of the Transaction Documents or the enforceability of any lien in the real property of the District; (b) any securities, tax, anti-trust, land use, export, safety, environmental, hazardous materials, choice of law, insurance company or banking laws, rules or regulations; (c) applicable interest rate limitations of California law for loans or forbearances; or (d) the effect on the District's obligations, and any other party's rights, under the Transaction

Documents of laws relating to fraudulent transfers and fraudulent obligations set forth in sections 544 and 548 of the federal Bankruptcy Code and sections 3439 *et seq.* of the California Civil Code.

In rendering our opinion, we are expressing no opinion on the validity of the Notes.

We furnish this opinion as counsel to the District and only the addressee and Stradling Yocca Carlson & Rauth LLP may rely upon it. This letter shall not be used, quoted, distributed, circulated or relied upon by any other person or entity for any purpose, without our prior written consent.

Respectfully submitted,

PRELIMINARY OFFICIAL STATEMENT DATED _____, 2024

NEW ISSUE – BOOK-ENTRY ONLY

RATING
Moody's: "____"
See "RATING"
herein

In the opinion of Stradling Yocca Carlson & Rauth LLP, Newport Beach, California, Bond Counsel, under existing statutes, regulations, rulings and judicial decisions, interest (and original issue discount) on the Notes is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals; however, it should be noted that with respect to applicable corporations as defined in section 59(k) of the Internal Revenue Code of 1986, as amended, interest (and original issue discount) with respect to the Notes might be taken into account in determining adjusted financial statement income for purposes of computing the alternative minimum tax imposed on such corporations. In the further opinion of Bond Counsel, interest (and original issue discount) on the Notes is exempt from State of California personal income tax. See "TAX MATTERS" herein.



\$ _____ *

LAST FRONTIER HEALTHCARE DISTRICT
(Modoc County, California)
2024 Bond Anticipation Notes

Dated: As of the Date of Delivery

Due: December 1, 2025

The \$ _____ * Last Frontier Healthcare District (Modoc County, California) 2024 Bond Anticipation Notes (the "Notes") are being issued and delivered to provide funds to (i) finance a portion of the costs of construction of a new 50-bed skilled nursing facility to be located on property owned by the Last Frontier Healthcare District (the "District") adjacent to its acute care hospital in Alturas, California (the "Project"); (ii) fund interest with respect to the Notes through maturity and (iii) pay costs of the financing, all as more fully described herein. It is anticipated that the Project will be permanently funded from the following sources: (a) proceeds of a District bond issue (the "USDA Take-Out Financing") to be purchased by the United States Department of Agriculture—Rural Development (the "USDA"), (b) grants and (c) a District equity contribution. The Notes are being issued in anticipation of the issuance of the USDA Take-Out Financing and the sale thereof to the USDA.

The Notes will be executed and delivered pursuant to an indenture of trust, by and between the District and Zions Bank, National Association, Salt Lake City, Utah, as trustee (the "Trustee"), dated as of August 1, 2024 (the "Indenture"). Interest with respect to the Notes is payable semiannually on each June 1 and December 1, commencing December 1, 2024. Principal is payable on December 1, 2024. The Notes are being delivered in fully registered form and, when delivered, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository of the Notes. Individual purchases in the Notes will be made in book-entry form only, in the principal amount of \$5,000 or any integral multiple thereof. Purchasers of such interests will not receive securities representing their interests in the Notes. Payments of principal of and interest on the Notes are payable by the Trustee directly to DTC, which is obligated in turn to remit such principal and interest to DTC Participants, as described herein, for subsequent disbursement to the Beneficial Owners of the Notes, as described herein. Principal of the Notes will be payable upon surrender at the principal corporate trust office of the Trustee in San Francisco, California.

The Notes are subject to optional redemption prior to maturity as described herein.

The Notes secured by (a) a pledge of any amounts held in any fund or account established pursuant to the Indenture including, but not limited to, the proceeds of the Notes deposited in the Interest Account under the Indenture constituting funded interest, (b) a pledge of Gross Revenues (defined herein), including amounts required to pay interest on the Notes after the proceeds of the Notes deposited in the Interest Account constituting funded interest are depleted, (c) the proceeds of the USDA Take-Out Financing, (d) the proceeds of Alternate Take-Out Financing (defined herein), and (e) the proceeds of Renewal Notes (defined herein). See "SOURCE OF PAYMENT FOR THE NOTES" herein.

See "RISKS TO OWNERS OF NOTES" herein for a discussion of certain factors that should be considered, in addition to other matters set forth herein, in evaluating an investment in the Notes.

THE OBLIGATION OF THE DISTRICT TO PAY THE PRINCIPAL OF AND INTEREST ON THE NOTES DOES NOT CONSTITUTE AN OBLIGATION OF THE DISTRICT FOR WHICH THE DISTRICT IS REQUIRED TO LEVY OR PLEDGE ANY FORM OF TAXATION OR FOR WHICH THE DISTRICT HAS LEVIED OR PLEDGED ANY FORM OF TAXATION OTHER THAN THE GROSS REVENUES. THE OBLIGATION OF THE DISTRICT TO PAY PRINCIPAL OF AND INTEREST ON THE NOTES DOES NOT CONSTITUTE A DEBT OF THE STATE OF CALIFORNIA OR ANY OF ITS POLITICAL SUBDIVISIONS (OTHER THAN A SPECIAL OBLIGATION OF THE DISTRICT PAYABLE SOLELY FROM GROSS REVENUES, THE PROCEEDS OF THE USDA TAKE-OUT FINANCING, THE PROCEEDS OF ALTERNATE TAKE-OUT FINANCING, AND THE PROCEEDS OF RENEWAL NOTES.

THIS COVER PAGE CONTAINS CERTAIN INFORMATION FOR GENERAL REFERENCE ONLY. IT IS NOT INTENDED TO BE A SUMMARY OF THE SECURITY OR TERMS OF THIS ISSUE. INVESTORS ARE ADVISED TO READ THE ENTIRE OFFICIAL STATEMENT TO OBTAIN INFORMATION ESSENTIAL TO THE MAKING OF AN INFORMED INVESTMENT DECISION.

MATURITY SCHEDULE

Maturity December 1	Principal Amount	Interest Rate	Yield	Price	CUSIP [†] Number
2025					

The Notes will be offered when, as and if delivered and received by the Underwriter, subject to approval by Stradling Yocca Carlson & Rauth LLP, Newport Beach, California, Bond Counsel. Certain legal matters will be passed on for the District by _____, District Counsel. Stradling Yocca Carlson & Rauth LLP, Newport Beach, California, has also acted as Disclosure Counsel to the District. Certain matters will be passed upon for the Underwriter Taylor English Duma LLP, Philadelphia, Pennsylvania. It is anticipated that the Notes, in book-entry form, will be available for delivery through the facilities of DTC on or about August __, 2024.

MUNICIPAL CAPITAL MARKETS GROUP, INC.

Dated: _____, 20

* Preliminary, subject to change.

[†] Copyright 2024, American Bankers Association. CUSIP® is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed by FactSet Research Systems Inc. on behalf of the American Bankers Association. This data is not intended to create a database and does not serve in any way as a substitute for CUSIP Global Services. The CUSIP number has been assigned by an independent company not affiliated with the District and is included solely for the convenience of the registered owners of the Notes. Neither the District nor the Underwriter is responsible for the selection or uses of the CUSIP number and no representation is made as to its correctness on the Notes or as included herein. The CUSIP number is subject to being changed after the delivery of the Notes as a result of various subsequent actions including, but not limited to, a refunding in whole or in part or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of the Notes.
{02807649-1 }

This Preliminary Official Statement and the information contained herein are subject to completion or amendment. These securities may not be sold nor may offers to buy be accepted prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or a solicitation of an offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful.

No dealer, broker, salesman or other person has been authorized by the Issuer or the Underwriter to give any information or to make any representations other than as contained in this Official Statement and the Appendices hereto in connection with the offering described herein, and if given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or a solicitation of an offer to buy any securities other than those identified on the cover page or an offer to sell or a solicitation of an offer to buy such securities in any jurisdiction in which it is unlawful to make such offer, solicitation or sale. The Issuer neither has nor assumes any responsibility as to the accuracy or completeness of the information contained in this Official Statement, other than that appearing under the captions "THE ISSUER" and "LITIGATION" (but only insofar as it relates to the Issuer).

Certain information contained in this Official Statement has been obtained from the Issuer, DTC, and other sources that are believed to be reliable. No representation or warranty is made by the Issuer (except for the information under the caption "THE ISSUER" and "LITIGATION" (but only insofar as it relates to the Issuer)), as to the accuracy or completeness of such information, and nothing contained in this Official Statement is, or may be relied on as, a promise or representation by the Issuer (except for the information under the caption "THE ISSUER" and "LITIGATION" (but only insofar as it relates to the Issuer)). The information herein relating to the Issuer and its affairs and condition has been provided by the Issuer. This Official Statement is submitted in connection with the offering of securities referred to herein and may not be used, in whole or in part, for any other purpose. The information and expression of opinions set forth herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the parties referred to above since the date hereof.

The Underwriter has provided the following sentence for inclusion in this Official Statement. The Underwriter has reviewed the information in the Official Statement in accordance with, and as part of, its responsibility to investors under the federal securities laws as applied to the facts or circumstances of the transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

THE NOTES WILL NOT BE LISTED ON ANY STOCK OR OTHER SECURITIES EXCHANGE. THE NOTES HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, UNDER THE EXEMPTION CONTAINED IN SECTION 3(a)(2) THEREOF. THE NOTE INDENTURE HAS NOT BEEN QUALIFIED UNDER THE TRUST INDENTURE ACT OF 1939, AS AMENDED, IN RELIANCE UPON THE EXEMPTIONS CONTAINED IN SUCH ACT. IN RELIANCE UPON EXEMPTIONS CONTAINED IN SUCH ACTS, THE REGISTRATION OR QUALIFICATION OF THE NOTES IN ACCORDANCE WITH APPLICABLE PROVISIONS OF SECURITIES LAWS OF THE STATES IN WHICH THE NOTES HAVE BEEN REGISTERED OR QUALIFIED AND THE EXEMPTION FROM REGISTRATION OR QUALIFICATION IN OTHER STATES CANNOT BE REGARDED AS A RECOMMENDATION THEREOF.

IN CONNECTION WITH THE OFFERING OF THE NOTES, THE UNDERWRITER MAY OVERALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF THE NOTES AT LEVELS ABOVE THOSE THAT MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

IN MAKING AN INVESTMENT DECISION INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE NOTES AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THESE SECURITIES HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

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SUMMARY STATEMENT

The following Summary Statement is subject, in all respects, to more complete information contained in this Official Statement {POS?} and in the Appendices to this Official Statement. The offering of the Notes to potential investors is made only by means of this entire Official Statement, including the Appendices, and no person is authorized to detach this Summary Statement from this Official Statement or to otherwise use it without the entire Official Statement, including the Appendices. Certain defined terms used herein are defined in the Form of Indenture of Trust,, included in Appendices B, below.

The Notes: The offering consists of the Last Frontier Healthcare District 2024 Bond Anticipation Notes, Series 2024, in the principal amount of \$25,000,000* (the “Notes”), to be issued by the Issuer for the benefit of the Issuer. The Notes will be initially issued in Book Entry Form. See “THE NOTES” herein.

Interest: Interest on the Notes is payable semi-annually on June 1 and December 1, commencing on December 1, 2024. Interest on the Notes will accrue and be paid semi-annually. See the inside Cover Page for interest rates and maturities. At closing, proceeds of the Notes will be deposited in the Capitalized Interest Account in an amount equal to the total interest payable on the Notes to the maturity date of the Notes (i.e. to June 1, 2027).

Principal: Principal of the Notes is \$25,000,000*.

Use of Proceeds: The proceeds of the Notes will be loaned by the Issuer to the Issuer, to fund a project consisting of financing the costs of: (a) a new 50-bed skilled nursing facility to be located on property owned by the Issuer adjacent to its acute care hospital in Alturas, California (the “Capital Project”); (b) interest with respect to the Notes through maturity and (c) paying all or a portion of the costs of issuance of the Notes (collectively, the “Project”).

The Issuer: The Issuer of the Notes is The Last Frontier Healthcare District, a local healthcare district organized and existing under and pursuant to the Local Healthcare District Law of the State of California (the “Law”), as more fully set forth herein.

Security: The Notes and the interest thereon are limited obligations of the Issuer, payable solely from note under the Indenture of Trust dated as of August 1, 2024 (the “Indenture of Trust”) and from the proceeds of a loan (the “USDA Loan”) from the United States Department of Agriculture - Rural Development (the “USDA”) to be extended to the Issuer pursuant to a Letter of Conditions, dated [_____] from the USDA. To secure its obligations under the Indenture of Trust, the Issuer has pledged any proceeds from the USDA Loan, when, and if, received, and has granted a lien on its [Gross Receipts] (as defined below). The Issuer has assigned its rights in the funds under the Indenture of Trust to Zions Bancorporation, National Association, as trustee (the “Note Trustee”), pursuant to a certain Indenture of Trust (the “Indenture of Trust”), dated as of August 1, 2024, by and between the Issuer and the Note Trustee. See the Form of the Indenture of Trust and the USDA Letter of Conditions in Appendixes B-1, B-2 and E, respectively.

Construction: The Project is expected to be constructed and installed by _____ a qualified contractor. The Issuer and the contractor have negotiated a construction contract which was executed on _____, 2024. The construction contract contains a guaranteed maximum amount of \$ _____. The contractor will be required to provide a performance bond in an amount equal to the construction contract, and in a form and provided by an insurance company acceptable to the USDA. Project construction will be monitored by a qualified inspector arranged by the USDA. The process for which draws are made during construction require each draw receive approval from (i) the contractor, architect or engineer for the Capital Project, as

applicable (ii) the Issuer, and (iii) the USDA prior to disbursement by the Note Trustee for payment of costs of the Capital Project. The estimated completion date of the Capital Project is _____.

OFFICIAL STATEMENT

\$25,000,000*
LAST FRONTIER HEALTHCARE DISTRICT
(Modoc County, California)
2024 BOND ANTICIPATION NOTES

INTRODUCTORY STATEMENT

This Official Statement, including the cover page and the Appendices, sets forth certain information concerning the issuance and sale by The Last Frontier Healthcare District (the "Authority") of its \$25,000,000* 2024 Bond Anticipation Notes, Series 2024 (the "Notes"), issued under the California Municipality Authorities Act, 53 Pa. Cons. Stat. §§5601-5623, as amended (the "Act") and authorized by the Bond Resolution adopted by the Issuer on _____, 2024 (the "Resolution"). Terms not otherwise defined herein shall have the meanings given such terms in the Indenture of Trust (as defined herein).

The Notes

The Notes will be issued by the Issuer pursuant to the Resolution and under a Indenture of Trust, dated as of August 1, 2024 (the "Indenture of Trust"), by and between the Issuer and Zions Bancorporation, National Association, as Note Trustee (the "Note Trustee"). The Notes will be dated their date of delivery and mature on December 1, 2025. Interest on the Notes will accrue at the rate per annum shown on the inside from cover of this Official Statement from the date of issuance through maturity, calculated on the basis of a 360-day year comprised of twelve 30-day months. Interest on the Notes will be paid June 1 and December 1 of each year, commencing December 1, 2024. Pursuant to the Indenture of Trust, the Issuer will covenant to repay the loan of the proceeds of the Notes through payment to the Note Trustee of all amounts necessary to pay the principal of and interest on the Notes and all other amounts payable thereunder when due.

Purpose of the Issue

The proceeds of the Notes will be loaned by the Issuer to the Issuer, and applied to (a) a new 50-bed skilled nursing facility to be located on property owned by the Issuer adjacent to its acute care hospital in Alturas, California (the "Capital Project"); (b) interest with respect to the Notes through maturity and (c) paying all or a portion of the costs of issuance of the Notes (collectively, the "Project").

The Issuer

The Issuer is local healthcare district organized and existing under and pursuant to the Local Healthcare District Law of the State of California (the "Law"). Information regarding the Issuer and the Project is included in Appendix A attached hereto.

Miscellaneous

Included in this Official Statement and the Appendices hereto are brief descriptions of the Issuer, the Project, the Notes, the Indenture of Trust. Such descriptions do not purport to be complete and references herein to the Indenture of Trust are qualified in their entirety by reference to such documents, and the description herein of the Notes are qualified in its entirety by reference to the terms thereof and the information with respect thereto included in the Indenture of Trust.

Appendix B contains the form of the Indenture of Trust. The agreements of the Issuer with the Noteholders are fully set forth in the Indenture of Trust, and neither any advertisement of the Notes, nor this Official Statement, is to be construed as constituting an agreement with the purchasers of the Notes. Insofar as any statements are made in this Official Statement involving matters of opinion, regardless of whether expressly stated, they are intended merely as such and not as representations of fact. Copies of the Indenture of Trust and other documents referenced herein are available for review by prospective investors by request to the Underwriter during the offering period or may be reviewed by request to the Note Trustee thereafter at its corporate trust office in Atlanta, Georgia.

The issuance of the Notes is subject to certain conditions. See "LEGAL MATTERS."

THE NOTES ARE ONLY BEING OFFERED TO, AND MAY ONLY BE PURCHASED BY, (I) A "QUALIFIED INSTITUTIONAL BUYER" (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT OF 1933, AS AMENDED); OR (II) AN INVESTOR THAT MEETS THE REQUIREMENTS OF BEING AN "ACCREDITED INVESTOR" (AS DEFINED IN RULE 501 OF REGULATION D UNDER THE SECURITIES ACT OF 1933, AS AMENDED). FOLLOWING INITIAL ISSUANCE OF THE NOTES, THE NOTES MAY ONLY BE TRANSFERRED TO AN ACCREDITED INVESTOR OR QUALIFIED INSTITUTIONAL BUYER. SEE "THE NOTES - Investor Suitability Standards and Transfer Restrictions."

THE NOTES ARE LIMITED OBLIGATIONS OF THE ISSUER AND, WILL BE PAYABLE SOLELY FROM THE TRUST ESTATE, AS HEREINAFTER DESCRIBED.

THE NOTES ARE LIMITED OBLIGATIONS OF THE ISSUER. NEITHER THE STATE OF CALIFORNIA NOR ANY MUNICIPALITY OR POLITICAL SUBDIVISION THEREOF SHALL BE OBLIGATED TO PAY THE PRINCIPAL OF OR PREMIUM, IF ANY, OR INTEREST ON THE NOTES, EXCEPT FROM THE TRUST ESTATE AS FURTHER DESCRIBED HEREIN, AND NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE OF CALIFORNIA OR OF ANY MUNICIPALITY OR POLITICAL SUBDIVISION THEREOF IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON THE NOTES. THE ISSUER HAS NO TAXING POWER.

SOURCES OF PAYMENT AND SECURITY FOR THE NOTES

Trust Estate

Pursuant to the Indenture of Trust, the Issuer has granted to the Note Trustee a security interest in the right and title of the Issuer in the Issuer's Gross Receipts, now or hereafter owned or received; amounts on deposit from time to time in the funds and accounts created pursuant to the Indenture of Trust (excluding moneys held in the Additional Equity Account of the Construction Fund and the USDA Equity Requirement Account of the Construction Fund, including the earnings thereof); and any and all other real or personal property of any kind from time to time conveyed, pledged, assigned or transferred by the

Issuer as and for additional security under the Indenture of Trust for the Notes, if any. See Appendix B- "FORM OF NOTE INDENTURE."

Security Interest in Gross Receipts

Pursuant to the Indenture of Trust, the Issuer has granted a security interest in its Gross Receipts and any rights to receive such Gross Receipts, as security for the Notes. "Gross Receipts" means all revenues, rents, profits, receipts, benefits, royalties, and income of the Issuer arising from services provided by the Issuer or arising in any manner with respect to, incident to or on account of the Issuer's operations, including, without limitation, (i) the Issuer's rights under agreements with insurance companies, Medicare, Medicaid, governmental units and prepaid health organizations, including health care insurance receivables and rights to Medicare and Medicaid loss recapture under applicable regulations to the extent not prohibited by applicable law, rules or regulations; (ii) gifts, grants, bequests, donations, contributions and pledges to the Issuer, (iii) insurance proceeds or any award, or payment in lieu of an award, resulting from condemnation proceedings; and (iv) all proceeds from the sale or other transfer of any goods, inventory and other tangible and intangible property, and all rights to receive the foregoing, whether now owned or hereafter acquired by the Issuer and regardless of whether generated in the form of accounts, accounts receivable, contract rights, chattel paper, documents, general intangibles, instruments, investment property, proceeds of insurance and all proceeds of the foregoing; excluding, however, gifts, grants, bequests, donations, contributions and pledges to the Issuer heretofore or hereafter made, and the income and gains derived therefrom, which are specifically restricted by the donor or grantor to a particular purpose which is inconsistent with its use for payments required under the Indenture of Trust or Indebtedness. See Appendix B-1 - "FORM OF NOTE INDENTURE."

USDA Loan

Pursuant to the Indenture of Trust, the Issuer will irrevocably assign to the Note Trustee, for the benefit of the owners of the Notes, all right, title and interest in and to the amounts anticipated to be received from a loan (the "USDA Loan") from the United States Department of Agriculture (Rural Development (the "USDA")). The Issuer will covenant in the Indenture of Trust to apply the proceeds of the USDA Loan to redeem or repay the Notes on or prior to the Maturity Date. The Issuer expects that the USDA will advance the USDA Loan prior to or on the Maturity Date; such date being after the estimated completion date of the Capital Project (i.e., [_____]). The closing on the USDA Loan is conditioned upon compliance by the Issuer with the provisions contained in the Letter of Conditions, including but not limited to completion of the Capital Project in accordance with USDA requirements and the Letter of Conditions. See "USDA LETTER OF CONDITIONS" in Appendix D hereto for copies of the Letter of Conditions. The USDA has approved the design and selection of the construction contractor and the USDA will be approving all draws on the proceeds of the Notes to be used for construction of the Capital Project. However, the USDA is not unconditionally bound to enter into the USDA Loan. Failure of the Issuer to meet the conditions under the Letter of Conditions could result in a decision by the USDA not to enter into the USDA Loan. If the USDA does not enter into the USDA Loan, the Issuer would have to seek financing from other sources in order to pay or redeem the Notes on or before the Maturity Date. There is no assurance that the Issuer could secure financing from other sources, and such failure to obtain the USDA Loan or secure financing from other sources may result in the nonpayment of the Notes on the Maturity Date.

The failure by the USDA to extend the USDA Loan may result in a default on the Notes if the Issuer does not secure alternate financing, and/or does not generate sufficient revenues to pay the principal of, and interest and premium, if any, on the Notes on or before the Maturity Date. See "NOTEHOLDERS' RISKS – Failure to Redeem the Notes" herein. Even with the issuance of the Letter of Conditions, the USDA is not unconditionally bound to enter into the USDA Loan. There is no assurance that the USDA

will enter into the USDA Loan. See “USDA LETTER OF CONDITIONS” in Appendix D attached hereto for copies of the Letter of Conditions. See “FORM OF NOTE INDENTURE” in Appendix B hereto.

PLAN OF FINANCING

The proceeds of the Notes will be loaned by the Issuer to the Issuer, to fund a project consisting of the financing of a portion of the costs of: (a) (a) a new 50-bed skilled nursing facility to be located on property owned by the Issuer adjacent to its acute care hospital in Alturas, California (the “Capital Project”); (b) interest with respect to the Notes through maturity and (c) paying all or a portion of the costs of issuance of the Notes (collectively, the “Project”).

ESTIMATED SOURCES AND USES OF FUNDS

Sources:	
Notes Principal Amount	\$25,000,000*.00
Equity Contribution of Hospital	
Total:	
Uses:	
Deposit to Construction Fund	
Deposit to Capitalized Interest Account^	
Costs of Issuance*	
Total:	

^ The amount deposited in Capitalized Interest Account is the amount necessary to fund all interest payments on the Notes through the December 1, 2025 maturity date of the Notes.

* Includes the fees and expenses for the Underwriter and its counsel, Bond Counsel, Counsel to the Issuer, Trustee fees, fees of the financial advisor and other professional fees, printing and other costs associated with the issuance of the Notes.

THE ISSUER

The Last Frontier Healthcare District (the “Issuer”) is a local healthcare district organized and existing under and pursuant to, as applicable, Division 23 (commencing with section 32000) of the California Health and Safety Code, as now in effect and as it may from time to time hereafter be amended or supplemented, and 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. (the “Law”). The Issuer is empowered among other things to issue bonds, notes and other

obligations for the purpose of acquiring, maintaining, constructing, or altering work, for the furtherance of its mission to provide healthcare services.

The governing body of the Issuer consists of a Board of ___ members*. The [_____] appoints the members who are appointed for staggered five-year terms and may be reappointed. The present members of the Board of the Issuer are shown below:

Member	Title	Term Expires

The Issuer has issued other series of revenue bonds, separately secured and payable from sources other than those from which the Notes are payable. The Issuer may from time to time enter into other indentures and other agreements with other institutions or municipalities which may provide for the issuance of debt to be secured by distinct sources of revenue or other security. The Issuer has not defaulted under any of its obligations.

The Issuer neither has nor assumes any responsibility as to the accuracy or completeness of the information contained in this Official Statement, other than that appearing under the captions "THE ISSUER" and "LITIGATION" (but only insofar as it relates to the Issuer).

THE NOTES

The Notes are described below. Such description does not purport to be complete and the description herein of the Notes is qualified in its entirety by references to the terms of the Notes and the information with respect to the Notes included in the Indenture of Trust.

General

The Notes will be dated their date of delivery and mature on December 1, 2025. Interest on the Notes will accrue at the rate set forth on the inside Cover Page. The Notes shall pay interest (on the basis of 360-day year comprised of twelve 30-day months) on June 1 and December 1 of each year, commencing on December 1, 2024 (each a "Note Payment Date"). The interest so payable on any applicable Note Payment Date will be paid to the Holders in whose name the Notes are registered on the bond register maintained by the Note Trustee at the close of business on the first day of the month immediately preceding the relevant Note Payment Date (the "Record Date").

The Notes shall be issued initially in the form of a single fully registered Note. Upon initial issuance, the ownership of the Notes shall be registered in the name of Cede & Co., as nominee of DTC, which will act as securities depository for the Notes. Purchases of beneficial interests on the Notes will be made in book-entry form only, in denominations of \$100,000 or any integral multiple of \$1,000 in excess thereof.

THE NOTES ARE ONLY BEING OFFERED TO, AND MAY ONLY BE PURCHASED BY, (I) A "QUALIFIED INSTITUTIONAL BUYER" (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT OF 1933, AS AMENDED); OR (II) AN INVESTOR THAT MEETS THE REQUIREMENTS OF BEING AN "ACCREDITED INVESTOR" (AS DEFINED IN RULE 501 OF

REGULATION D UNDER THE SECURITIES ACT OF 1933, AS AMENDED). FOLLOWING INITIAL ISSUANCE OF THE NOTES, THE NOTES MAY ONLY BE TRANSFERRED TO AN ACCREDITED INVESTOR OR QUALIFIED INSTITUTIONAL BUYER. SEE "THE NOTES - Investor Suitability Standards and Transfer Restrictions."

Optional Redemption

The Notes are subject to redemption at the option of the Issuer prior to maturity on and after May 15, 2026 in whole or in part at any time, by payment of a Redemption Price of the principal amount of each Series 2024 Note called for redemption plus interest accrued to the date fixed for redemption (i) with respect to principal, from proceeds of the USDA Loan and/or from other Eligible Moneys and (ii) with respect to interest, from moneys in the Capitalized Interest Account and/or from other Eligible Moneys.

Extraordinary Optional Redemption

All or any number of the Notes are subject to redemption prior to maturity at the option of the Issuer in whole or in part at any time by payment of a Redemption Price of the principal amount of each Series 2024 Note so called for redemption, plus interest accrued to the date fixed for redemption paid from insurance proceeds, at any time, with respect to casualty losses or condemnation awards to the extent such proceeds or awards have not been used to restore, repair or replace such Property, Plant and Equipment. Redemption of Notes pursuant to this provision may be made from proceeds of insurance or condemnation awards pursuant to the Indenture of Trust.

Selection of Notes for Redemption

In the event of any redemption of less than all Outstanding Notes, any maturity or maturities and interest rate within a maturity, as applicable, and amounts within maturities of Notes to be redeemed, shall be selected by the Note Trustee at the direction of the Issuer. If less than all of the Notes of the same maturity and interest rate are to be redeemed upon any redemption of Notes under the Indenture of Trust, the Note Trustee shall select the Notes to be redeemed by lot in such manner as the Note Trustee may determine, provided that for so long as the book-entry-only system is being used, the particular Notes or portions thereof to be redeemed within a maturity shall be selected by lot by DTC in such manner as DTC and the participants may determine. In making such selection, the Note Trustee (or DTC) shall treat each Notes as representing that number of Notes of the lowest authorized denomination as is obtained by dividing the principal amount of such Notes by such denomination.

Partial Redemption of Notes

Upon the selection and call for redemption of, and the surrender of, any Notes for redemption in part only, the Issuer shall cause to be executed, the Authenticating Agent shall authenticate and deliver to or upon the written order of the Holder thereof, at the expense of the Issuer, a new Notes or Notes of authorized denominations in an aggregate face amount equal to the unredeemed portion of the Notes surrendered, which new Notes or Notes shall be a fully registered Notes or Notes without coupons, in authorized denominations.

The Issuer and the Note Trustee may agree with any Holder of any such Notes that such Holder may, in lieu of surrendering the same for a new Notes, endorse on such Notes a notice of such partial redemption, which notice shall set forth, over the signature of such Holder, the redemption date, the principal amount redeemed and the principal amount remaining unpaid. Such partial redemption shall be valid upon payment of the amount thereof to the registered owner of any such Notes and the Issuer and the Note Trustee shall be fully released and discharged from all liability to the extent of such payment irrespective of whether such endorsement shall or shall not have been made upon the reverse of such Notes by the owner thereof and irrespective of any error or omission in such endorsement.

Effect of Call for Redemption

On the date designated for redemption, the Notes so called for redemption shall become and be due and payable at the Redemption Price provided for redemption of such Notes on such date. If on the date fixed for redemption moneys for payment of the Redemption Price and accrued interest are held by the Note Trustee, interest on such Notes so called for redemption shall cease to accrue, such Notes shall cease to be entitled to any benefit or security under the Indenture of Trust except the right to receive payment from the moneys held by the Note Trustee, and the amount of such Notes so called for redemption shall be deemed paid and no longer Outstanding.

Notice of Redemption

Notice of redemption of any Notes shall be mailed by the Note Trustee not less than twenty (20) nor more than forty-five (45) days prior to the date set for redemption, to each registered Holder of a Notes to be so redeemed at the address shown on the books of the Registrar, but failure to so mail or any defect in any such notice with respect to any Notes shall not affect the validity of the proceedings for the redemption of any other Notes with respect to which notice was so mailed or with respect to which no such defect occurred, respectively. If on the date of mailing of the notice of redemption, the Note Trustee shall not have received the funds to pay the redemption price for any Notes called for redemption, such notice shall state that it is conditional and that the redemption of such Notes are subject to receipt by the Note Trustee on or prior to the redemption date of funds sufficient to pay the redemption price of such Notes.

Investor Suitability Standards and Transfer Restrictions

The Notes may only be transferred to an accredited investor or qualified institutional buyer. The Notes may be purchased only by an "accredited investor," as defined in Rule 501 of Regulation D under the Securities Act of 1933, as amended (the "Securities Act"), or a "qualified institutional buyer," as defined in Rule 144A under the Securities Act.

Transfer and Exchange

Subject to the provisions for registration and transfer thereof under the Indenture of Trust and the Notes, including, but not limited to, those discussed under "THE DEPOSITORY TRUST COMPANY - Book- Entry-Only System" herein and the restrictions on transfer of the Notes set forth above, all Notes are negotiable.

So long as any Notes are Outstanding, the Issuer shall cause to be maintained at the offices of the Registrar books for the registration and transfer of Notes, and shall provide for the registration and transfer of any Notes under such reasonable regulations as the Issuer or the Registrar may

prescribe. The Registrar shall act as bond registrar for purposes of exchanging and registering Notes in accordance with the provisions of the Indenture of Trust.

Each Notes shall be transferable only upon the registration books maintained by the Registrar, by the Holder thereof in person or by his attorney duly authorized in writing, upon presentation and surrender thereof together with a written instrument of transfer satisfactory to the Registrar duly executed by the registered Holder or his duly authorized attorney. Upon surrender for transfer of any such Notes, the Issuer shall cause to be executed and the Authenticating Agent shall authenticate and deliver, in the name of the transferee, one or more new Notes of the same aggregate face amount, maturity and rate of interest as the surrendered Notes, as fully registered Notes only.

Persons Deemed Owners

As to any Notes, the Person in whose name such Notes shall be registered shall be deemed and regarded as the absolute owner thereof for all purposes, and payment of principal or interest on any Notes shall be made only to or upon the written order of the registered Holder thereof. Such payment shall be valid and effectual to satisfy and discharge the liability upon such Notes to the extent of the amount so paid.

Provisions with Respect to Transfers and Exchanges

All Notes surrendered in any exchange or transfer of Notes shall forthwith be cancelled by the Registrar. In connection with any such exchange or transfer of Notes the Holder requesting such exchange or transfer shall as a condition precedent to the exercise of the privilege of making such exchange or transfer remit to the Registrar an amount sufficient to pay any tax, or other governmental charge required to be paid with respect to such exchange or transfer. Neither the Issuer nor the Registrar shall be obligated to (i) issue, exchange or transfer any Notes during the period of fifteen (15) days preceding any Note Payment Date, or (ii) transfer or exchange any Notes which has been or is being called for redemption in whole or in part.

Funds Established Under the Indenture of Trust

The Indenture of Trust creates the following funds to be held by the Note Trustee with respect to the Notes: (1) a Note Fund, including an Interest Account, a Principal Account and a Redemption Account; and (2) a Construction Fund, including a Capitalized Interest Account, a Financed Capital Project Account, an USDA Equity Requirement Account and an Additional Equity Account.

Note Fund. So long as any Notes are Outstanding, Notes Payments received by the Note Trustee shall be applied in the following manner and order of priority:

Interest Account. The Note Trustee shall deposit to the Interest Account or apply amounts on deposit therein on or before each June 1 and December 1, commencing December 1, 2024, such amount from the Capitalized Interest Account as shall be necessary to cause the amount in the Interest Account, including the investment earnings on investments then on deposit in the Interest Account, if such earnings will be received before the next Note Payment Date (but only to the extent that such amount or investment earnings have not previously been credited for purposes of such calculation), to be not less than the amount needed to pay interest coming due on Outstanding Notes on such Note Payment Date. Moneys in the Interest Account shall be used to pay interest on the Notes as it becomes due. The Indenture of Trust provides that payment of interest on the Notes shall be made (i) first, from the Capitalized Interest Account, and (ii) second, from other Pledged Revenues and/or other available moneys held by the Note

Trustee hereunder.

Principal Account. The Note Trustee shall deposit to the Principal Account on or before the Maturity Date, the amount necessary to cause the amount then being credited to the Principal Account, together with the investment earnings on investments then on deposit in the Principal Account, if such earnings will be received before the Maturity Date, to be not less than the principal amount of the Notes Outstanding which will mature on the Maturity Date. The Indenture of Trust provides that payment of principal on the Notes shall be made (i) first, from proceeds of the USDA Loan and (ii) second, from other Pledged Revenues and/or other available moneys held by the Note Trustee hereunder.

Redemption Account. If an optional prepayment of any installment on the Notes is made in accordance with the Indenture of Trust, the amount so paid shall be credited to the Redemption Account and applied promptly by the Note Trustee as follows: first, to cause the amounts credited to the Interest Account, and the Principal Account of the Note Fund to be not less than the amounts then required to be credited thereto, and, then, to retire Notes by redemption in accordance with the Issuer's written directions. Any such redemption shall be of Notes then subject to optional redemption at the Redemption Price then applicable for optional redemption of such Notes.

Upon receipt by the Note Trustee of moneys accompanied by a certificate of an Hospital Representative stating that such moneys are insurance proceeds with respect to casualty losses or condemnation awards, that the amount of such proceeds or awards with respect to such casualty loss or taking exceeds 10% of the Value of the Property, Plant and Equipment, and that such moneys are to be applied to redeem Notes in accordance with the Indenture of Trust, and specifying the amount and maturities of Notes to be redeemed, the Note Trustee shall credit such moneys to the Redemption Account and shall apply such moneys to redeem Notes in accordance with the Indenture of Trust.

Any balance remaining in the Redemption Account after the redemption of Notes and not needed for the redemption of the Notes shall be returned to the Issuer at its' written direction.

Construction Fund. The money in the Construction Fund shall be held by the Note Trustee in trust and shall be applied to the payment of the cost of or relating to the Project, first, from the moneys in the USDA Equity Requirement Account of the Construction Fund, second, from the Financed Capital Project Account of the Construction Fund and third, from the Additional Equity Account of the Construction Fund. Pending such application, moneys in the Capitalized Interest Account of the Construction Fund and the Financed Capital Project Account of the Construction Fund shall be subject to a lien and charge in favor of the holders of the Notes issued and outstanding under the Indenture of Trust and for the further security of such holders until paid out in accordance with the requisition requirements of the Indenture of Trust.

The Note Trustee shall disburse moneys from the Construction Fund (excluding the Capitalized Interest Account), as directed and upon the approval by USDA in accordance with the Indenture of Trust, to the payee, to the Issuer or to its designee, as the case may be, to pay costs of the Capital Project.

See Appendix B-1 - "FORM OF NOTE INDENTURE - Flow of Funds" and "FORM OF NOTE INDENTURE - Construction Fund."

THE DEPOSITORY TRUST COMPANY

Book-Entry-Only System

The Notes will be available only in book-entry-only form in the principal amount of \$100,000 or any integral multiple of \$1,000 in excess thereof. The Depository Trust Company ("DTC") will act as the initial securities depository for the Notes. The ownership of one fully registered Note will be registered in the name of Cede & Co., as nominee for DTC, and will be deposited with DTC.

DTC, New York, New York, will act as securities depository for the Notes. The Notes will be issued as fully-registered bonds registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of the Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the Notes on DTC's records. The ownership interest of each actual purchaser of each Note ("Beneficial Holder") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Holders will not receive written confirmation from DTC of their purchase. Beneficial Holders are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Holder entered into the transaction. Transfers of ownership interests in the Notes are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Holders. Beneficial Holders will not receive certificates representing their ownership interests in Notes, except in the event that use of the book-entry system for the Notes are discontinued.

To facilitate subsequent transfers, all Notes deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Notes with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Holders of the Notes; DTC's records reflect only the identity of the Direct Participants to whose accounts such Notes are credited, which may or may not be the Beneficial Holders. The Direct and Indirect Participants will remain

responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Holders will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Holders of Notes may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Notes, such as redemptions, tenders, defaults, and proposed amendments to the Notes documents. For example, Beneficial Holders of Notes may wish to ascertain that the nominee holding the Notes for their benefit has agreed to obtain and transmit notices to Beneficial Holders. In the alternative, Beneficial Holders may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Notes within a series and maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Notes unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to Authority as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Notes are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the Notes will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Issuer or Paying Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Holders will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, Paying Agent, or Authority, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Issuer or Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Holders will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Notes at any time by giving reasonable notice to the Issuer or Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, Notes certificates are required to be printed and delivered.

The Issuer may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Notes certificates will be printed and delivered to the Note Trustee.

The information in this section concerning DTC and DTC's book-entry system has been obtained from DTC's website; the Issuer and the Underwriter take no responsibility for the accuracy thereof.

NOTEHOLDERS' RISKS

An investment in the Notes involves certain risks. The factors discussed below should be considered in evaluating the ability of the Issuer to make payments in amounts sufficient to provide for payment of the principal of, and interest on, the Notes. This discussion of the risk factors involved in owning the Notes is not, and is not intended to be, exhaustive. These factors should be read in conjunction with the entire Official Statement.

General

Noteholders should be advised that the payment of the principal of, redemption premium, if any, and interest on the Notes are wholly dependent upon receipt by the Issuer of the USDA Loan proceeds and the generation of sufficient net revenues (i.e., revenues in excess of cost of operation and other debt service) by the Issuer with respect to its operation of its facilities. The State of California is not legally or morally obligated on the payment of debt service on the Notes. Under the Continuing Disclosure Agreement, the Issuer has covenanted to provide financial statements on a periodic, going forward basis to the Municipal Securities Rulemaking Board (the "MSRB"). Any future prospective purchaser of the Notes should obtain such financial statements from the MSRB and review such financial statements prior to making an investment decision. Revenue of the Issuer is subject to change due to many factors, including, without limitation, competition, demographics and the economy of the area that the Issuer serves. See Appendix A- "CERTAIN INFORMATION REGARDING THE HOSPITAL AND THE PROJECT."

Failure to Redeem the Notes

The Notes are intended to provide interim financing for the Project and mature on June 1, 2027. USDA has obligated funds to the Issuer in the amount of \$25,000,000* and has committed to enter into the USDA Loan from the Issuer upon satisfaction by the Issuer of the terms and conditions contained in the Letter of Conditions, including, but not limited to, completion of the Capital Project in accordance with USDA requirements. The Capital Project is anticipated to be completed on or around May 2026. See "USDA LETTER OF CONDITIONS" in Appendix D hereto for copies of the Letter of Conditions.

As part of the construction process, USDA will be reviewing and approving construction draw requests for construction of the Capital Project in accordance with USDA standards. However, even with the issuance of the Letter of Conditions and the issuance of the Notes, the USDA is not unconditionally bound to enter into the USDA Loan. Failure by the Issuer to meet the conditions under the Letter of Conditions could result in a decision by USDA not to enter into the USDA Loan.

The Notes are secured by amounts payable therefor by the Issuer under the Indenture of Trust, proceeds of the USDA Loan, certain funds and accounts established in the Indenture of Trust, the Issuer's pledge of its Gross Receipts. See "SECURITY FOR THE NOTES" herein for a further discussion of the security for the Notes.

If (1) USDA determines that it will not enter into the USDA Loan because all of the conditions for the USDA Loan have not been met on or before the Maturity Date, including but not limited to, completion of the Capital Project, or (2) the Issuer does not secure other interim or permanent financing for the Capital Project, the Issuer will likely not have sufficient revenues to pay the principal of and interest on the Notes at maturity. See "SECURITY FOR THE NOTES" herein. There is no certainty that the Issuer would be able to obtain other financing or generate sufficient revenues to pay the principal of and interest on the Notes on or before the Maturity Date, if ever. In the event that the USDA fails to provide the USDA Loan proceeds, revenues of the Issuer would likely be insufficient to pay in full the outstanding principal of and interest on the Notes when due. See "NOTEHOLDERS' RISKS – Adequacy

of Revenues” herein. Failure by the Issuer to pay the principal of the Notes when due would result in an event of default under the Indenture of Trust.

Uncertainty of Revenues

The availability of Issuer revenues is dependent on a variety of factors, including, but not limited to, the successful operation of the Issuer, capabilities of management, future economic and other conditions and other factors discussed herein, all of which are unpredictable. Any of these factors may affect revenues and payment of amounts due by the Issuer under the Indenture of Trust. No representation or assurance can be made that revenues will be realized by the Issuer in amounts sufficient to make such required payments. See Appendix C – “Consolidated Financial Statements for Fiscal Years ended June 30, 2023 and 2022” herein.

No Debt Service Reserve Fund or Mortgage

The Notes are not secured by a debt service reserve fund or mortgage.

Additional Indebtedness

The Issuer may incur additional financial obligations in the future which may impact revenues available to repay the Series 2024 Note in the event moneys are not available therefor from the USDA Loan. The Indenture of Trust permits the Issuer to incur additional Indebtedness for (i) with consent of the USDA, purchase money mortgages in an amount not exceeding \$250,000 and non-recourse Indebtedness; (ii) unsecured operating line of credit and renewals thereof in a maximum principal amount not exceeding \$2,000,000; (iii) Additional Notes issued to complete the Capital Project or refinance Notes pursuant to the Indenture of Trust with the consent of the USDA; (iv) the USDA Loan and (v) with the consent of the USDA, other Indebtedness in an aggregate principal amount outstanding at any time not in excess of the greater of \$3,000,000 or five percent (5%) of Operating Revenues of the Issuer for the most recent Fiscal Year. See Appendix B - "FORM OF NOTE INDENTURE -Additional Notes" attached hereto.

Competition

The Issuer faces competition from several existing facilities in the region. The Issuer may face additional competition in the future from providers of new, expanded, or renovated facilities of competitors. For more information concerning competition in the service area of the Project, see “COMPETITION” in Appendix A hereto.

Economic Factors Beyond the Issuer’s Control

Apart from competition and other business risks facing the Issuer, the financial performance of the Issuer will depend to some degree upon factors beyond the control of the Issuer, including general, national and local economic conditions (e.g., inflation, unemployment, population growth and distribution trends) and federal, state and local taxation and laws and regulations affecting the Issuer.

COVID-19 and Infectious Disease Outbreaks

The Issuer’s business and financial results may be harmed by an international, national or localized outbreak of a highly contagious or epidemic disease that impairs the Issuer’s operations. The

pandemic of the novel coronavirus (“COVID-19”) has had numerous and varied medical, economic, and social impacts, any and all of which may adversely affect the Issuer’s business and financial results. Business disruptions as a result of COVID-19 or another contagious outbreak could require temporary closures of all or a portion of its health care facilities, or the facilities of suppliers and their contract manufacturers, supply chain disruptions and a reduction in the business hours of its health care facilities. National, state, and local governments have taken, and may continue to take, various actions, including the passage of laws and regulations, on a wide array of topics, in an attempt to slow the spread of COVID-19 or another contagious outbreak in order to address the health and economic consequences of the outbreak, the impact of which on the Issuer cannot be predicted. During the COVID-19 pandemic, the Issuer accepted certain federal and state pandemic relief funds; however, no funds received are required to be paid back to the federal or state governments.

Construction Risks

The Capital Project is expected to be constructed and installed by Hallstrom Construction, Inc. The construction contractor was selected pursuant to a competitive procurement process, with oversight from USDA of the Issuer’s acceptance of bids and selections of the construction contractor. The Issuer and the contractor have negotiated a construction contract which was executed on _____, 2024. The construction contract contains a guaranteed maximum amount of \$_____. The contractor will be required to provide a performance bond in an amount equal to the construction contract, and in a form and provided by an insurance company acceptable to the USDA. The total estimated cost of construction and other Project costs is approximately \$25,000,000*, including, but not limited to, architects fees, fixtures, and a contingency. The Issuer intends to use the portion of the net proceeds of the Notes allocated to construction and other funds of the Issuer for construction of the Capital Project. If the costs of construction of the Capital Project exceed the proceeds of the Notes and the cash deposited into the Construction Fund by the Issuer to pay such construction costs, the Issuer may be required to contribute additional moneys to complete construction of the Capital Project or reduce the scope of such construction accordingly. To mitigate the construction risk, the Issuer shall require the construction contractor to post a construction bond on the construction of the Capital Project prior to closing of the Notes. In addition, there can be no assurances that such construction will be completed on schedule or that such construction or management by the Issuer will be successful.

The construction of the Capital Project is subject to the usual risks associated with construction projects, including, but not limited to, delays in issuance of required building permits or other necessary approvals or permits, strikes, labor disputes, shortages of materials and/or labor, transportation delays, restrictions related to endangered species, adverse weather conditions, fire, casualties, acts of God, war, acts of public enemies, terrorism, orders of any kind of federal, state, county, city or local government, insurrections, riots, adverse conditions not reasonably anticipated or other causes beyond the control of the Issuer or its contractors. Such events could result in a delay of substantial completion which could negatively impact the revenue flow therefrom. In addition, the substantial completion may be delayed by reason of changes authorized by the Issuer, delays due to acts or neglect of the Issuer, or by independent contractors employed by the Issuer. Cost overruns could also result in the Issuer not having sufficient money to complete the Capital Project, thereby materially affecting the receipt of revenues needed to pay the Notes.

Economic conditions have recently caused shortages of and delays in delivery of certain materials and equipment. Such shortages and delays could cause delays in the completion of the Capital Project. The Notes will mature and become due and payable after the expected completion date of the Capital Project. Completion of the Capital Project is a condition to the issuance of the USDA Loan. See “Failure to Redeem the Notes” herein.

The Issuer anticipates that the proceeds from the sale of the Notes will be sufficient to complete the Capital Project based upon the guaranteed maximum price obtained from the general contractor. Cost overruns for projects of this magnitude may occur due to change orders and other factors. See "THE CAPITAL PROJECT" in Appendix A hereto.

Non-Completion of the Project

The USDA's commitment to issue the USDA Loan is conditioned upon completion of the Capital Project. If the Capital Project is not completed by the Notes's maturity date, there is no guaranty that there will be sufficient funds available (under the Indenture of Trust or otherwise) to satisfy all amounts due on the Notes. To the extent non-completion of the Capital Project is the result of deficiencies of the general contractor, certain amounts may be available for payment from the construction performance bond. See "Construction Risks" above.

Cost Overruns

The Issuer has agreed to a fixed price in the construction contract. However, if cost overruns resulting from delays, change orders, failure to come within cost estimates included as allowances, or other causes are experienced, the fixed price may increase. If such cost overruns occur, there is no guaranty that the Issuer will have sufficient resources to complete the Capital Project. While the Indenture of Trust permit the issuance of Additional Notes to complete the Capital Project, there can be no assurance that such Additional Notes would be issued. The issuance of any Additional Notes is subject to the approval by the USDA.

State Regulation of Project; License Required to Operate Facilities

Healthcare facilities, including those of the Issuer, are subject to numerous legal, regulatory, licensing, professional certification and private accreditation requirements. These include, but are not limited to, requirements relating to Medicare Conditions of Participation, requirements for participation in Medicaid, state licensing agencies, private payors and the accreditation standards of applicable accrediting bodies. Renewal and continuation of certain of these licenses, certifications and accreditations are based on inspections, surveys, audits, investigations or other reviews, some of which may require affirmative action.

Management of the Issuer currently anticipates no difficulty renewing or continuing currently held licenses, certifications and accreditations, nor does management anticipate a reduction in third-party payments from events that would materially adversely affect the operations or financial condition of the Issuer. Nevertheless, actions in any of these areas could result in the loss of utilization or revenues or the ability to operate all or a portion of its health care facilities and, consequently, could have a material and adverse effect on the Issuer.

Nonprofit Healthcare Environment

The tax-exempt status of hospitals and health care organizations is the subject of increasing regulatory and legislative threats. As a nonprofit tax-exempt organization, the Issuer is subject to federal, state and local laws, regulations, rulings and court decisions relating to its organization and operation, including its operation for charitable purposes. At the same time, the Issuer conducts large-scale complex business transactions and is a major employer in its geographic area. There can often be a tension between the rules designed to regulate a charitable organization and the day-to-day operations of a complex health care organization. Hospitals or other health care providers may be forced to forgo otherwise favorable opportunities for certain joint ventures, recruitment and other arrangements in order to maintain their tax-exempt status.

The operations and practices of nonprofit, tax-exempt hospitals are routinely challenged or criticized for inconsistency or inadequate compliance with the regulatory requirements for, and societal expectations of, nonprofit tax-exempt organizations. These challenges, in some cases, are broader than concerns about compliance with federal and state statutes and regulations, such as Medicare and Medicaid compliance, and instead in many cases are examinations of core business practices of the health care organizations. A common theme of these challenges is that nonprofit hospitals may not be conferring community benefits that equal the benefits received from tax-exempt status. Areas that have come under examination have included pricing practices, billing and collection practices, charitable care, methods of providing and reporting community benefit, executive compensation, exemption of property from real property taxation, exemption from state or local sales and use tax, private use of facilities financed with tax-exempt bonds and others. These challenges and questions have come from a variety of sources, including state attorneys general, the IRS, labor unions, Congress, state legislatures and patients, and in a variety of forums, including hearings, audits, litigation and proposed ballot initiatives. These challenges and examinations, and any resulting legislation, regulations, judgments or penalties, could have a material adverse effect on the Issuer.

Congressional Action. Senate and House committees have conducted hearings and investigations into issues related to nonprofit tax-exempt healthcare organizations, including, among others a nationwide investigation of hospital billing and collection practices, charity care and community benefit standards, prices charged to uninsured patients and possible reforms to the nonprofit sector. These hearings and investigations could result in new legislation. Neither the effect of any such legislation on the nonprofit health care sector nor its effect on the Issuer can be determined at this time.

IRS Examination of Compensation Practices. In 2004, the IRS began a compliance program to measure compliance by tax-exempt organizations with requirements that they not pay excessive compensation and benefits to their officers and other “insiders.” In February 2009, the IRS issued its Hospital Compliance Project Final Report (the “*IRS Final Report*”), which examined tax-exempt hospitals’ practices and procedures with regard to compensation and benefits paid to these individuals. The IRS Final Report and other recent developments (including, without limitation, implementation of an excise tax on “excess compensation” paid to certain highest compensated employees of tax-exempt organizations) indicate that the IRS (i) will continue to scrutinize executive compensation arrangements, practices and procedures very closely and (ii) may, in certain circumstances, conduct further investigations or impose fines on tax-exempt organizations.

IRS Form 990 and Schedules. The IRS Form 990 is used by 501(c)(3) nonprofit organizations (including the Issuer) to submit information required by the federal government for tax exemption. Form 990 requires detailed public disclosure of compensation practices, corporate governance, loans to management and others, joint ventures and other types of transactions, political campaign activities, and other areas the IRS deems to be compliance risk areas. Form 990 makes a wealth of detailed information on compliance risk areas available to the IRS and other enforcement agencies.

Charity Care and Tax-Exempt Status; 501(r). Hospitals are permitted to obtain tax-exempt status under the Code because the provision of health care historically has been treated as a “charitable” enterprise. This treatment arose before most Americans had health insurance, when charitable donations were required to fund the health care provided to the sick and disabled. Some commentators and others have taken the position that, with the onset of employer health insurance and governmental reimbursement programs, there is no longer any justification for special tax treatment for the health care industry, and the availability of tax-exempt status should be eliminated. Furthermore, federal and state tax authorities are beginning to demand that tax-exempt hospitals justify their tax-exempt status by documenting their charitable care and other community benefits.

The Patient Protection and Affordable Care Act of 2010 imposes additional requirements for tax

exemption upon tax-exempt hospitals through Section 501(r) of the Code. Under these rules, in order to maintain their tax-exempt status hospitals must establish and publicize written financial assistance policies, conduct community health needs assessments at least once every three years and describe in their annual tax returns how they are addressing the needs identified in such assessments. Tax-exempt hospitals are also subject to limitations on their collection activities and the amounts they can charge for emergency or other medically necessary care for individuals eligible for financial assistance. A failure to comply with the provisions of Section 501(r) and the final regulations could result in excise taxation, a loss of Section 501(c)(3) tax-exempt status or otherwise subject revenues of a hospital facility to federal income tax.

Litigation Relating to Billing and Collection Practices. Lawsuits have been filed in both federal and state courts alleging, among other things, that hospitals have failed to fulfill their obligations to provide charity care to uninsured patients and have overcharged uninsured patients. Some of these cases have since been dismissed by the courts and some hospitals and health systems have entered into substantial settlements. Cases are pending in various courts around the country and others could be filed. Investigations have also been undertaken to examine the collection practices of nonprofit hospitals for unpaid bills and whether those practices are consistent with their nonprofit status.

Challenges to Real Property Tax Exemptions. The real property tax exemptions afforded to certain nonprofit health care providers by state and local taxing authorities have been challenged on the grounds that the health care providers were not engaged in sufficient charitable activities. These challenges have been based on a variety of grounds, including allegations of aggressive billing and collection practices, and excessive financial margins and operations that closely resemble for-profit businesses. Several of these disputes have been determined in favor of the taxing authorities or have resulted in settlements. The challenges and scrutiny of these requirements, and any resulting legislation, regulations, judgments, or penalties, could have a material adverse effect on hospitals and health care providers, including the Issuer, and, in turn, the ability of the Issuer to make payments under the Indenture of Trust.

Action by Purchasers of Hospital Services and Consumers. Major purchasers of hospital services could take action to restrain hospital charges or charge increases. As a result of increased public scrutiny, it is also possible that the pricing strategies of hospitals may be perceived negatively by consumers, and hospitals may be forced to reduce fees for their services. Decreased utilization could result, and hospitals' revenues may be negatively impacted. In addition, consumers and groups on behalf of consumers are increasing pressure for hospitals and other health care providers to be transparent and provide information about cost and quality of services that may affect future consumer choices about where to receive health care services. Recent legislation associated with price transparency includes without limitation the 2019 CMS final rule on "Price Transparency Requirements for Hospitals to Make Standard Charges Public." This rule requires hospitals to make public their payor-specific negotiated rates, minimum negotiated rates, maximum negotiated rates, and cash for all items and services, including individual items and services and service packages, that could be provided by a hospital to a patient. Hospitals must display the required information prominently, in a consumer-friendly manner, and clearly identify the hospital location with which the standard charge information is associated on a publicly available website. Failure to comply with these requirements may result in daily monetary penalties. Relatedly, on December 27, 2020, the No Surprises Act became law pursuant to the Consolidations Appropriations Act, 2021. Effective January 1, 2022, the law limits the acceptable charge amounts for certain health care facilities related to emergency and out-of-network healthcare services and requires health plans to calculate "recognized" and "qualifying" amounts related to patient cost-sharing responsibilities.

Because of the many possible financial effects that could result from enactment of any bills or regulatory actions proposing to regulate the health care industry, it is not possible at this time to predict with assurance the effect on the business of the Issuer, if any, of such laws, bills or regulatory actions.

Health Care Reform

In 2010, then-President Obama signed into law H.R. 3590, entitled the “Patient Protection and Affordable Care Act,” and H.R. 4872, entitled “The Health Care and Education Reconciliation Act of 2010,” collectively referred to as the “Affordable Care Act.” The Affordable Care Act was intended to address disparities in access, quality and delivery of health care and to reduce the growth in health care costs in the United States. The Affordable Care Act introduced far reaching changes, including, among many others, substantial adjustments to Medicare reimbursement, establishment of individual and employer mandates for healthcare coverage, extension of coverage to uninsured populations primarily through the expansion of Medicaid and subsidized private insurance, prohibitions on pre-existing condition exclusions and elimination of lifetime maximum benefit amounts and increased oversight provisions. Certain of the specific reimbursement and delivery provisions of the Affordable Care Act may affect the Issuer’s operations, financial performance or financial conditions. . In addition, legislation is periodically introduced in Congress and in the California legislature that could result in limitations on revenues, reimbursements, or charges for health care facilities. At this time, no determination can be made as to whether such federal or state legislation will be enacted or, if enacted, its impact on the Facility. If Congress enacts further health care reform, it will most likely include cuts in federal funding and benefits for Medicare and Medicaid beneficiaries over a period of years and authorize the sale of health insurance plans with less comprehensive coverage than currently required under the Affordable Care Act. The ultimate outcomes of health care regulatory reforms are unknown and their impact on the Facility’s operations, including cash flow, capital resources, and liquidity, cannot be determined but is likely to be long-term and wide-ranging.

Possible Limitations on Liens

The pledge of and security interest in the Issuer’s Gross Receipts granted pursuant to the Indenture of Trust may be limited by the following: (i) statutory liens; (ii) rights arising in favor of the United States of America or any agency thereof; (iii) present or future prohibitions against assignment contained in any federal statutes or regulations, which in the case of amounts payable under the Medicare program, prevents the collection of such amounts directly from the payor by the holder of a security interest; (iv) constructive trusts, equitable liens or other rights impressed or conferred by any state or federal court in the exercise of its equitable jurisdiction; (v) federal bankruptcy or state insolvency laws affecting assignments of revenues earned after any effective institution of bankruptcy or insolvency proceedings by or against the Issuer; (vi) rights of third parties in any revenues, including revenues converted to cash, not in possession of the Note Trustee; and (vii) the requirement that appropriate financing statements be filed in accordance with the California Uniform Commercial Code.

Limited Use Facilities

The facilities of the Issuer are not comprised of general purpose buildings and generally would not be suitable for industrial or commercial use. Consequently, if the Issuer were to incur financial difficulties, including those that would result in an event of default under the Indenture of Trust, it could be difficult to find a buyer or lessee for such facilities in order to fund payments on the Notes or satisfy other financial obligations. The Note Trustee does not have a mortgage or security interest in the facilities of the Issuer and would not have the right to force the liquidation of any facilities.

Default by the Issuer or the Issuer

No representations or assurances can be given that the Issuer will not default in performing their obligations under the Indenture of Trust or any of the other financing documents. If an Event of Default

occurs under the Indenture of Trust, the Note Trustee may not accelerate the maturity of the Notes other than for principal or interest payment defaults.

No Obligation of the State

NEITHER THE STATE OF CALIFORNIA, THE COUNTY NOR ANY MUNICIPALITY OR POLITICAL SUBDIVISION THEREOF SHALL BE OBLIGATED TO PAY THE PRINCIPAL OF OR PREMIUM, IF ANY, OR INTEREST ON THE NOTES EXCEPT FROM SOURCES DESCRIBED HEREIN, AND NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE OF CALIFORNIA, THE COUNTY OR OF ANY MUNICIPALITY OR POLITICAL SUBDIVISION THEREOF IS PLEDGED TO THE PAYMENT OF THE NOTES. THE ISSUER HAS NO TAXING POWER.

Insufficiency of Collateral

In the event that the Note Trustee were required to exercise remedies under the Indenture of Trust, no assurance can be given that the amounts received as a result thereof would be sufficient to redeem the Notes in full.

Reliance on Credit of the Issuer

The Notes are being issued without credit enhancement in the form of bond insurance, a letter of credit, or any other form guaranteeing full repayment of the Notes. The Holders of the Notes must rely upon the assignment of the Issuer's rights to receive proceeds of the USDA Loan and the credit of the Issuer and upon the value of the collateral for the repayment of the Notes. There can be no assurance that the business of the Issuer will generate sufficient cash flow to enable it to pay when due its obligations under the Indenture of Trust, which provides the main source of repayment for the Notes.

Possible Changes in Tax Status

The possible modification or repeal of certain existing federal income or state tax laws or other loss by the Issuer of the present advantages of certain provisions of the federal income or state tax laws could materially and adversely affect the status of the Issuer, and thereby the revenues of the Issuer. The Issuer has assumed that it will continue to be so treated. As an exempt organization, the Issuer is subject to a number of requirements affecting its operation. The failure of the Issuer to remain qualified as an exempt organization or as an organization that is not a private foundation would cause the interest on the Notes to become subject to federal income taxation, which would constitute a breach of covenant under the Indenture of Trust.

The Issuer is presently exempt from the payment of certain California taxes because of its charitable status. If a loss of federal tax exemption were to occur it could trigger a challenge to the state tax exemption of the Issuer. Depending on the circumstances, such event could be adverse and material.

Limited Right of Acceleration

The principal on the Notes may not be accelerated upon an Event of Default except upon a principal or interest payment default.

Limited Remedies; Bankruptcy

The filing by the Issuer for relief under the United States Bankruptcy Code (the "Bankruptcy Code") would have an adverse effect on the ability of the Note Trustee and Noteholders to enforce their claim or claims to the security granted under the Indenture of Trust, and their claim or claims to moneys owed them as unsecured claimants, if any. The filing would operate as an automatic stay of the commencement or continuation of any judicial or other proceeding against the Issuer and its property and as an automatic stay of any act or proceeding to enforce a lien against such property. Moreover, following such a filing the revenues and accounts receivable and other property of the Issuer acquired after the filing (and under some conditions prior to the filing) would not be subject to the liens and security interests created under the Indenture of Trust. In addition, the bankruptcy court has the power to issue any order, process or judgment that is necessary or appropriate to carry out the provisions of the Bankruptcy Code; such a court order could require that the property of the Issuer, including the Gross Receipts of the Issuer and proceeds thereof, be used for the benefit of the Issuer, despite the lien and security interest of the Issuer therein.

In a bankruptcy proceeding, the debtor could file a plan of reorganization which modifies the rights of creditors generally, or any class of creditors, secured or unsecured. The Noteholders may receive post-petition interest on the Notes only to the extent the value of their security exceeds the amount of their claim. The plan, when confirmed by the court, binds all creditors who had notice or knowledge of the plan and discharges all claims against the debtor provided for in the plan.

No plan may be confirmed unless, among other conditions, the plan is in the best interests of creditors, is feasible and has been accepted by each class of claims impaired thereunder, except as set forth below. Each class of claims has accepted the plan if at least two-thirds in dollar amount and more than one-half in number of the allowed claims of the class that are voted with respect to the plan are cast in its favor. Even if the plan is not so accepted, it may be confirmed if the court finds that the plan is fair and equitable with respect to each class of non-accepting creditors impaired thereunder and does not discriminate unfairly in favor of junior creditors or holders of junior interests. More particularly, the Bankruptcy Code would permit the liquidation of the Issuer or the adoption of a reorganization plan for the Issuer, even though such plan had not been accepted by (i) the holders of a majority in aggregate principal amount of the Notes, if the plan is "fair and equitable" and does not discriminate unfairly against the Noteholders as a class and is in the "best interest of the creditors," which may mean that the Noteholders are provided with the benefit of their original lien or the "indubitable equivalent"; or (ii) any holder of the Notes if the Noteholders, as a class, are deemed unimpaired under the plan.

In addition, if the bankruptcy court concludes that the Noteholders have "adequate protection," the court may (1) substitute other security for the security subject to the lien of the Indenture of Trust or (2) subordinate the lien of the Issuer or the Note Trustee to persons who supply credit to the Issuer, after commencement of the case. In the event of the bankruptcy of the Issuer, any amount realized by the Note Trustee or Noteholders may depend on the bankruptcy court's interpretation of "indubitable equivalent" and "adequate protection" under the then existing circumstances. Any transfers made to the Noteholders or the Note Trustee at or prior to the commencement of the case may be avoided and recaptured if such transfers are (a) avoidable by a judicial lien creditor who obtained its lien on the date the case commenced (regardless of whether such a creditor actually exists), (b) preferential or fraudulent or (c) voidable under applicable law by any actual unsecured creditor. The Noteholders may also be subject to avoidance and recapture of post-petition transfers, turnover of property of the debtor which they, the Note Trustee or a custodian hold and assumption, assignment or rejection of executory contracts.

Enforcement of Remedies

The realization of any rights upon a default will depend upon the exercise of various remedies specified in the Indenture of Trust. These remedies, in certain respects, may require judicial action which is often subject to discretion and delay. Under existing law, certain of the remedies specified in the Indenture of Trust may not be readily available or may be limited. In addition, the Holders of the Notes have substantially limited rights to exercise remedies under the Indenture of Trust. See "SOURCES OF PAYMENT AND SECURITY FOR THE NOTES - Remedies upon Agreement Event of Default or Indenture of Trust Event of Default."

Matters Relating to Security for Notes

Pursuant to the Indenture of Trust, the Issuer has granted to the Issuer a lien on its Gross Receipts. Pursuant to the Indenture of Trust, the Issuer has assigned these rights to the Note Trustee. Upon an Event of Default, the Note Trustee may not realize the amount of the outstanding Notes from the exercise of remedies, whether pursuant to a judgment, if any, against the Issuer or otherwise.

The effectiveness of the security interest in the Gross Receipts, to the extent granted pursuant to the Indenture of Trust, may be limited by a number of factors, including, but not limited to: (a) commingling of pledged revenues with other moneys of the Issuer not so pledged under the Indenture of Trust; (b) statutory liens; (c) rights arising in favor of the United States of America or any agency thereof; (d) constructive trusts, equitable or other rights impressed or conferred by a federal or state court in the exercise of its equitable jurisdiction; (e) federal bankruptcy laws which may affect the enforceability of the security interest in the revenues of the Issuer which are earned by the Issuer within 90 days preceding and after any effectual institution of bankruptcy proceedings by or against the Issuer; (f) rights of third parties in pledged revenues converted to cash and not in the possession of the Note Trustee; and (g) claims that might arise if appropriate financing or continuation statements are not filed in accordance with the California Uniform Commercial Code as from time to time in effect.

Market for the Notes

The Underwriter is not obligated to make a market in the Notes. There is presently no secondary market for the Notes and no assurance that a secondary market will develop. Consequently, investors may not be able to resell the Notes purchased should they need or wish to do so for emergency or other purposes.

Because of the many possible financial effects that could result from enactment of any bills or regulatory actions proposing to regulate the health care industry, it is not possible at this time to predict with assurance the effect on the business of the Issuer, if any, of such laws, bills or regulatory actions.

Payment and Reimbursement

Net patient revenues realized by the Issuer's health care facilities come from a variety of sources. A substantial portion of the patient service revenues of the Issuer's health care facilities is derived from third-party payors which reimburse or pay for the services provided to patients covered by such third parties for such services. These third-party payors include the federal Medicare program, state Medicaid programs and private health plans and insurers, including health maintenance organizations ("HMOs") and preferred provider organizations ("PPOs"). Many of these third-party programs make payments to the Issuer's health care facilities at rates other than the direct charges of the Issuer's health care facilities and may be determined other than on the basis of the actual costs incurred in providing services to such patients. Accordingly, there can be no assurance that payments made under these programs will be adequate to cover the actual costs of the Issuer's health care facilities. In addition, the financial

performance of the Issuer could be adversely affected by the insolvency of, or other delay in receipt of payments from, third-party payors that provide coverage for services to their patients.

Medicare

Introduction. Medicare is a Federal program administered by the Centers for Medicare & Medicaid Services (“CMS”), formerly the Health Care Financing Administration (“HCFA”), an agency of the United States Department of Health and Human Services (“DHHS”). Medicare provides certain health care benefits to individuals who are age 65 or older, or disabled. In general, Medicare Part A covers inpatient hospital services, skilled nursing care, and some home health care, while Medicare Part B covers physician services, outpatient hospital services, diagnostic tests, and various health-related supplies. However, such coverage includes certain deductible and coinsurance obligations imposed on Medicare beneficiaries. Medicare Part C, the Medicare Advantage program (formerly known as the Medicare+Choice Program), enables Medicare beneficiaries who are entitled to Part A and are enrolled in Part B to choose to obtain their benefits through a variety of private, managed care, risk-based plans. Medicare Part D is the Medicare prescription drug benefit to subsidize the costs of prescription drugs and prescription drug premiums for Medicare beneficiaries.

The trend of recent federal Medicare legislation and regulations is to replace cost-based, provider-specific reimbursement with prospectively determined, regionally adjusted national payment rates that are periodically adjusted to reflect inflation estimates. In recent years, the inflation adjustments have been below the general inflation rate for medical services and products. The Affordable Care Act introduced changes to the Medicare program that are estimated by the Congressional Budget Office to reduce the cost of the program over ten years by approximately \$455 billion. The Affordable Care Act reduces cost sharing by Medicare beneficiaries for certain preventive services and wellness visits and expands coverage for these services. In addition, the Affordable Care Act includes programs that link Medicare payments for hospitals and physicians with quality outcomes and the development of new patient care models that stress primary care and community-based care. The objective of these programs is to manage chronic diseases better and to reduce inpatient admissions and other high cost care provided by health care facilities, such as hospitals and nursing homes. While additional governmental reporting, oversight and audits are a certainty, it is difficult to determine what effect the health care reform legislation and its implementation will ultimately have on the financial or operating condition of the Issuer or its competitors in the future.

The laws and regulations governing Medicare reimbursement are extremely complex and subject to interpretation. In addition, there is no guarantee that the reimbursement methodologies described below for Medicare inpatient and outpatient services will continue in their present format, since those methodologies and the associated payment rates have been the frequent subject of Congressional action.

Government reports have raised questions about the long-term solvency of the Medicare Part A program, which is used to pay Medicare hospitalization coverage. According to the actuarial estimates contained in the 2023 report of the Board of Trustees of the Medicare trust fund, the Medicare Part A trust fund, which is used to pay Medicare hospitalization coverage, could be depleted by 2031. It is therefore likely that the federal government will consider and could implement other reductions in Medicare reimbursement or other changes that affect the Issuer’s ability to participate in these programs. Any such changes could adversely affect the financial condition of the Issuer.

Medicare Payments. Acute care hospitals are generally paid for inpatient services provided to Medicare inpatients under the Prospective Payment System (“PPS”), while critical access hospitals (“CAHs”) are paid on the basis of allowable costs for inpatient and outpatient services and are not subject to the PPS system. The Balanced Budget Act of 1997 (“BBA”) established special payment rules for rural hospitals designated as a CAH. The Medicare, Medicaid, and SCHIP Benefits Improvement and

Protection Act of 2000 (“BIPA”) eliminated the cost-sharing requirement for Medicare beneficiaries receiving outpatient laboratory services from a CAH and increased payment rates for certain physician services, skilled nursing services, and ambulance services furnished in or by a CAH. In order to qualify as a CAH, a hospital must (i) be located in a state that has established a state flex program, (ii) be located in a rural area or be treated as rural, (iii) provide 24-hour emergency care services, (iv) provide no more than 25 inpatient beds, (v) have an average length of stay of 96 hours or less per patient for acute patients, and (vi) be either more than 35 miles from a hospital or another CAH or more than 15 miles in areas with mountainous terrain or only secondary roads or be certified by the state as of December 31, 2005 as being a necessary provider of health care services to residents in the area. In 1999, the Issuer was designated as a CAH.

Under the PPS system Medicare pays a predetermined rate for each covered hospitalization and separate PPS payments are made for inpatient operating costs and inpatient capital related costs. The Issuer, as a CAH, is reimbursed for inpatient and outpatient services based on actual cost. Allowable costs include salaries and benefits, drugs, supplies, depreciation and interest, utilities and rent leases. Costs that are not covered include bad debts and charity, physician recruitment, costs of physician offices that are not rural health clinics and a variety of other statutorily excluded costs.

Congress or regulators in the future may impose additional or different requirements for designations as a CAH and alter the methodology for reimbursement of services offered by a CAH. Any such changes could have an adverse impact on the financial operations and revenues of the Issuer.

Payment for Inpatient Services. While acute care hospitals are paid a specified amount towards their operating costs based on the Diagnosis Related Group (“DRG”) of each Medicare patient, which is based on national averages of costs for categories of diagnoses, procedures and other factors assigned to each Medicare patient, a CAH is reimbursed for its actual costs as set forth in an annual cost report. Reimbursement to a CAH during a year is made on an interim basis based on the CAH’s cost to charge ratio as set forth in its most recent filed cost report. At the end of each year, the annual cost report is submitted and any remaining balances, either for overpayments, or for additional reimbursement, are settled based on the annual cost report. Congress or regulators in the future may impose additional limits or cutbacks in such payments or modify the method of calculating such payments.

Reimbursement of Hospital Capital Costs. As noted above, hospitals are reimbursed for capital costs (including depreciation and interest) related to the provision of inpatient services to Medicare beneficiaries.

There can be no assurance that future capital-related payments will be sufficient to provide adequate flexibility in meeting changing capital needs.

Payment for Outpatient Services. Outpatient services continue to expand dramatically, as government and private commercial payors seek to shift more patient services to the less costly outpatient setting. As noted above, outpatient services performed by a CAH are paid on the basis of actual cost utilizing the same methodology as payment for inpatient services. Just as is the case with inpatient services, Congress or regulators in the future may impose additional limits or cutbacks in such payments or modify the method of calculating such payments.

EMTALA. In 1986 Congress enacted the Emergency Medical Treatment and Active Labor Act (“EMTALA”), in response to allegations of inappropriate hospital transfers of indigent and uninsured emergency patients. EMTALA imposes strict requirements on hospitals in the treatment of transfer patients with emergency medical conditions.

EMTALA requires hospitals to provide a medical screening examination to any individual who comes to the hospital's dedicated emergency department ("DED") for treatment, without regard to pay, to determine whether the individual suffers from an emergency medical condition within the meaning of the statute. A DED is licensed by the state in which it is located as an emergency room or department, or the DED is held out to the public as a place providing care for emergency medical conditions without requiring an appointment or during the immediately preceding calendar year, the DED provided treatment of emergency medical conditions without requiring an appointment for at least one-third of all of its outpatient visits. A participating hospital may not delay provision of a medical screening examination in order to inquire about method of payment or insurance status. If an emergency medical condition is present, the hospital must provide such additional medical examination and treatment as may be required to stabilize the emergency medical condition. If the hospital deems it in the best interest of the individual to transfer the individual to another medical facility, the treating physician must ensure that the benefits of a transfer outweigh the risks, comply with the standards of EMTALA and must provide a medically appropriate transfer.

EMTALA imposes significant costs on hospitals, including the costs of treatment of individuals who may not be able to pay for such services, costs of development and implementation of protocols concerning medical screening examinations and stabilization and appropriate transfers and, in some cases, costs associated with assuring on-call availability of specialty physicians.

If a hospital with less than 100 beds violates EMTALA, whether knowingly and willfully or negligently, it is subject to a civil money penalty of up to \$25,000 per violation (adjusted for inflation). Failure to satisfy the requirements of EMTALA may also result in termination of a hospital's Medicare provider agreement. In addition, EMTALA creates a private cause of action for individuals who suffer personal harm as a result of an EMTALA violation, and for any hospital that suffers financial loss as a result of another hospital's violation of EMTALA. The statute of limitations for filing such a civil action is two years.

Fraud and Abuse. A number of federal laws, loosely referred to as fraud and abuse laws, are used to prosecute health care providers and physicians that fraudulently or wrongfully obtain reimbursement that increases costs to any federal health care program. The anti-kickback provisions of the Social Security Act (the "Anti-Kickback Law") prohibit the exchange of anything of value with the intent to encourage utilization of services payable under a federal health care program. The intent standard under the Anti-Kickback Law has been interpreted by some courts to be satisfied if the intent to induce referrals or other business is simply one of many reasons to enter into the arrangement. To protect legitimate and cost-effective arrangements among health care providers, the Office of the Inspector General (the "OIG") of DHHS, has issued and is expected to further issue "safe harbor" regulations that specify certain financial arrangements deemed not to violate the Anti-Kickback Law. The safe harbor regulations generally are narrowly drawn and protect very few arrangements. In addition, the OIG asserts the authority to prosecute entities that enter into "sham" transactions that technically comply with a safe harbor if the OIG determines the substance of the transaction is not reflected by its form. Non-compliance with one or more elements of a safe harbor does not make conduct illegal; however, non-compliance with a safe harbor does make it more difficult to determine whether activities in which the Issuer is engaged are likely to be considered a violation of the Anti-Kickback Law. In November 2020, the OIG released a final rule implementing a number of new safe harbors and modifying existing safe harbors. This new rule, effective January 19, 2021, may increase the costs for remaining compliant with the Anti-Kickback Law.

Penalties for violation of the Anti-Kickback Law are severe. Conviction could result in up to ten years imprisonment, fines of \$100,000 per offense, exclusion from the federal health care programs, and loss of tax-exempt status. In lieu of or in addition to criminal proceedings under the Anti-Kickback Law, violators of the Anti-Kickback Law may also be subject to civil monetary penalties. Civil monetary penalties can range from \$10,000 to \$50,000 per offense, as well as damage assessments equal to three

times the total amount of the kickback. Providers also may (or, if convicted of a felony, must) be excluded from participation in the federal health care programs. For exclusions related to program abuse, patient abuse or health care fraud, the minimum period of exclusion is five years. Because of the breadth of the Anti-Kickback Law, the narrowness of the safe harbors and the wide range of available sanctions for violations, no assurance can be given as to what effect this law will have on the Issuer.

Federal fraud and abuse laws also prohibit the filing of false claims for payment by Medicare, if the claim is filed with the knowledge that the claim is false or with deliberate ignorance or reckless disregard for the truth or falsity of the claim. Each violation of this prohibition is a felony punishable by criminal fines and/or up to five years imprisonment. In addition, violators may be subject to civil penalties up to \$27,984 (adjusted for inflation), plus damages of three times amounts paid by Medicare based on false claims. Unlike the other fraud and abuse laws, the act implementing this prohibition allows suits by individuals in addition to enforcement action by the government. Disgruntled or unhappy employees or competitors may become plaintiffs and have a financial incentive to bring suit, as they can recover a portion of the damages awarded.

The federal government provides financial incentives for states that pass their own version of a false claims act, with the primary purpose of reducing fraud in state Medicaid programs. California law prohibits a person from knowingly making false claims for money or property to the State. No specific intent to defraud is required and liability to the State includes a civil administrative penalty of not less than \$15,000 and not more than \$25,000, three times the amount of the damages, plus restitution and reasonable attorney's fees. California law also has a similar statute prohibiting false claims against private insurers with comparable criminal consequences. The California Attorney General's office has a Medicaid Fraud unit that actively investigates and prosecutes Medicaid fraudulent claims.

HIPAA increased the scope of fraud and abuse laws by applying them to prohibit fraudulent conduct against any health care benefit program, not only federal healthcare programs. Under HIPAA, anyone who knowingly and willfully executes or attempts to execute a scheme or artifice to defraud any health care benefit program, or to obtain, by false or fraudulent pretenses, representations or promises, any of the money or property owned or controlled by any health care program in connection with the delivery of or payment for health care items, benefits or services, is subject to criminal penalties or fines or imprisonment for up to ten years, or both. Violations which result in serious bodily harm or death are punishable by more severe criminal penalties.

HIPAA also created a new crime for falsifying, concealing or covering up a material fact in connection with the delivery of or payment for health care benefits, or making any materially false, fictitious or fraudulent statement or representation, or making or using any materially false writing or document knowing the same to contain any materially false, fictitious or fraudulent statement or entry, which is punishable by fines or imprisonment up to five years, or both.

The 1997 Balanced Budget Act increased the penalties associated with fraud and abuse. Under the 1997 Balanced Budget Act, individuals or entities convicted of three health care related crimes must be permanently excluded from the Medicare and Medicaid programs. The 1997 Balanced Budget Act gave CMS the authority to refuse to enter into Medicare agreements with a physician or supplier convicted of a single felony that is determined to be detrimental to Medicare. Additionally, the 1997 Balanced Budget Act authorized civil monetary penalties to be assessed against entities that contract with an excluded individual or entity and established a toll-free number for beneficiaries to report fraud and billing irregularities.

The health care industry is governed by a complex web of statutes and regulations which are not always clear in their interpretation or application. The Issuer's policy is to comply with all applicable

statutes and regulations, and the Issuer has adopted and implemented a corporate compliance program to detect, correct and, if necessary, report deficiencies.

Billing Investigations. DHHS, through the OIG or through fiscal intermediaries of CMS that pay Medicare claims on behalf of DHHS, routinely conducts national investigations of hospital Medicare billings for certain types of services.

Voluntary Repayments. The Issuer's health care facilities regularly conduct audits of their billing practices as part of its corporate compliance program. When billing errors are discovered as a result of these audits, the Issuer's health care facilities voluntarily refund incorrect payments to the Medicare and Medicaid programs. These programs may investigate the circumstances under which the billings were made for improper practices.

Laws on Patient Referrals. The Ethics in Patient Referrals Act, known as the "Stark Law," also prohibits certain types of referral arrangements between physicians and health care entities. Physicians are prohibited under the original Stark Law enactment and its 1993 amendment, "Stark II," from referring patients for "designated health services" which are reimbursed under the Medicare and Medicaid programs to entities with which they have a financial relationship or in which they have an ownership interest. "Designated health services" include an array of health care and physician services, including inpatient and outpatient hospital care. The entity to which a prohibited referral is made is barred from billing for the "designated health service." Violations of the statute can result in civil monetary penalties of up to \$25,820 (adjusted for inflation annually) per improper referral and exclusion from the Medicare and Medicaid programs. A hospital may be fined up to \$10,000 per day for failure to disclose a physician's improper financial relationship.

On January 4, 2001, CMS published the final rule implementing the Stark Law. The rule was released in two phases. Phase I implements a majority of the provisions of the Stark Law, certain exceptions and related definitions. The effect of Phase I of the final rule has been to clarify certain exceptions to the Stark Law, to create additional exceptions, and to increase flexibility for hospital providers entering into financial arrangements with physicians. Phase II, which became effective July 26, 2004, responds to comments CMS received on Phase I, addresses the remaining issues not addressed in Phase I and creates new regulatory exceptions for nonabusive financial relationships. Nonetheless, the requirements imposed by the Stark Law and the final rule continue to limit the range of acceptable financial relationships between hospitals and physicians and create situations that could lead to violations of the basic Stark Law prohibition against self-referrals. The Issuer's health care facilities attempt to avoid prohibited arrangements with physicians, but there can be no guarantee that the OIG will not view some arrangements as violating the Stark Law. In November 2020, CMS released a final rule implementing a number of new exceptions related to value-based arrangements, certain limited remuneration payments to physicians and electronic health record items and services donations. The final rule, effective January 19, 2021, also provides guidance regarding the application of the Stark Law and its exceptions, by making changes to existing exceptions and the definitions contained in the Stark Law's implementing regulations. This new rule may increase costs to remain compliant with the Stark Law because the Issuer may have to make adjustments as a result of the revised implementing regulations.

Prepaid Plans. Under current DHHS regulations, eligible prepaid medical plans may receive payment on a prospective, per capita basis for the cost of services provided to Medicare beneficiaries. The number of these plans and of Medicare beneficiaries enrolled in such plans may increase, which may result in significant reductions in Medicare admissions and/or payments to hospitals. The Issuer may lose Medicare patients to prepaid medical plans and may be required to provide services to such patients as enrollees of prepaid medical plans.

Federally Designated Quality Improvement Organization. The health care facilities of the Issuer are reviewed by a “federally designated quality improvement organization” (“QIO”), which reviews the necessity and appropriateness of hospital admissions, the appropriateness of the classifications of discharges, the necessity of patient transfers and the propriety of practices that have the potential to increase hospital payments improperly. The QIO may, subject to appeal by the health care facility under review, recommend sanctions to CMS, including denial of payments, requirements for corrective action or termination from the Medicare program.

State Medicaid Regulations

Reimbursement. Congress has recently passed, and will consider in the future, legislation that could cut federal Medicaid spending.

Managed Care Plans. Prepaid medical plans or managed care programs involving the Medicaid populations are increasing nationwide.

The Balanced Budget Act of 1997 (the “BBA”) permits states to require a Medicaid beneficiary to enroll in a managed care organization or a primary care case management program if the state permits a choice between at least two entities. Significantly for providers, states may restrict the number of managed care provider agreements as long as access to services is not substantially impaired.

Commercial Insurance

Many commercial insurance plans, including group plans, reimburse their enrollees and make payments to the Issuer for charges at established rates. Generally, these plans pay negotiated rates, which are subject to various limitations and deductibles depending on the plan. Patients carrying such coverage may be responsible to the Issuer for any deficiency between the commercial insurance proceeds and total contracted charges.

Managed Care

The Issuer’s health care facilities receive a significant portion of their revenues from nongovernmental payors, which provide third-party reimbursement to the health care facilities of the Issuer on the basis of various formulas. Renegotiation of such formulas and changes in such reimbursement systems may reduce third-party reimbursement. Certain private insurance companies and other organizations contract with hospitals on a “preferred” provider basis, and some insurers have introduced plans known as “preferred provider organizations” or PPOs. Under such plans, there may be financial incentives for subscribers to use only those hospitals which contract with the plans.

Most PPOs and HMOs currently pay hospitals on a discounted fee-for-service basis or on a discounted fixed rate per day of care. The discounts offered to HMOs and PPOs may result in payment at less than actual cost and the volume of patients directed to a hospital under an HMO or PPO contract may vary significantly from projections. Some HMOs offer or mandate a “capitation” payment method under which hospitals are paid a predetermined periodic rate for each enrollee in the HMO who is “assigned” to or otherwise directed to receive care at a particular hospital. In a capitation payment system, the hospital assumes an insurance risk for the cost and scope of care given to such HMO’s enrollees. If payment under an HMO or PPO contract is not sufficient to meet the hospital’s costs of care, the financial condition of the hospital may be adversely affected. The Issuer’s health care facilities currently have contracts with both HMOs and PPOs, but no contracts contain a capitation payment method. There is no assurance that contracts of the Issuer with private insurance company plans, HMOs, PPOs or other payors will be maintained or that other similar contracts will be obtained in the future, or that payments from such payors will be sufficient to cover all of the costs of providing hospital services to their beneficiaries. Failure to

execute and maintain such contracts could have the effect of reducing the patient base or gross revenues of the Issuer. Conversely, participation may maintain or increase the patient base, but may result in reduced payments.

HIPAA Privacy and Security Regulations

As directed by Congress under HIPAA, DHHS implemented regulations imposing national standards to protect the privacy and security of individually identifiable health information. The privacy regulations prohibit any covered entity, including hospitals and health systems, from using or disclosing an individual's protected health information unless the use or disclosure is authorized by the individual (or his or her personal representative) or is specifically required or permitted under the final regulations. The regulations also establish certain patient rights with respect to protected health information. The security regulations specify a series of administrative, technical and physical security procedures for healthcare providers to use to assure the security of protected health information in electronic form. The Issuer is now required to comply with these standards.

The regulations also provide for the imposition of both civil and criminal penalties for violations of the statute. Civil penalties can range up to \$50,000 per violation. Criminal penalties include fines of up to \$50,000 and imprisonment of up to 1 year. Criminal penalties increase substantially if the offense occurs under false pretenses (fines up to \$100,000 and imprisonment up to 5 years) or with the intent to sell, transfer, or use individually identifiable health information for commercial advantage, personal gain or malicious harm (fines up to \$250,000 and imprisonment up to 10 years).

Congress has enacted the Health Information Technology for Economic and Clinical Health Act (the "HITECH Act") as part of the American Recovery and Reinvestment Act of 2009 ("ARRA"). ARRA contains incentives related to health care information technology in general (e.g. creation of a national health care infrastructure) and contains specific incentives designed to accelerate the adoption of electronic health record ("EHR") systems among providers. Because this legislation anticipates a massive expansion in the exchange of electronic protected health information ("ePHI"), the HITECH Act also widens the scope of privacy and security protections available under HIPAA; it increases the potential legal liability for non-compliance; and it provides for more enforcement. Proponents of the legislation have argued that this investment will result in lower costs, reduce medical error and improve overall quality of medical care. Detractors have argued that these benefits may not be realized because, among other reasons, uniform technology standards do not exist and existing technology is not yet sufficiently advanced.

The administrative and financial burden of complying with the privacy, security and other health information regulations is expected to be substantial. While a portion of the costs may be funded through the HITECH Act, the overall costs of compliance are generally expected to exceed the available funding. Even when a healthcare provider establishes compliance, there are expected to be continuing costs associated with compliance. The Issuer cannot predict the extent to which future costs of compliance with such regulations will affect its financial performance.

Licensing, Surveys, Investigations and Audits

On a regular basis, health care facilities, including those of the Issuer, are subject to numerous legal, regulatory, professional and private licensing, certification and accreditation requirements. These include, but are not limited to, requirements relating to Medicare participation and payment, state licensing agencies, private payors, the Joint Commission (formerly the Joint Commission on Accreditation of Healthcare Organizations) and other federal, state and local governmental agencies. Renewal and continuance of certain of these licenses, certifications and accreditations are based on inspections, surveys, audits, investigations or other reviews, some of which may require or include affirmative action or

response by the health care facilities of the Issuer. These activities generally are conducted in the normal course of business of health facilities. Nevertheless, an adverse result could result in a loss or reduction in the facility's scope of licensure, certification or accreditation, or could reduce the payment received or require repayment of amounts previously remitted.

The Issuer currently anticipates no difficulty renewing or continuing currently held licenses, certifications or accreditations. Nevertheless, actions in any of these areas could result in the loss of utilization or revenues, or the ability of the Issuer to operate all or a portion of its facilities, and, consequently, could adversely affect the ability of the Issuer to provide funds necessary to pay the Notes.

Malpractice Claims and General Liability Insurance

In recent years, the number of malpractice and general liability suits and the dollar amounts of the recoveries have increased nationwide, resulting in substantial increases in malpractice insurance premiums. Malpractice and other actions alleging wrongful conduct and seeking punitive damages are often filed against hospitals. Insurance does not provide coverage for judgments for punitive damages.

The growth of the managed care industry has given way to new liability concerns for physicians and hospitals involved in managed care networks. Liability relating to the managed care context is most likely to occur when through action primarily of the managed care organization (a) treatment is denied outright, (b) alternative treatment is recommended but not provided, (c) treatment is found to be "medically unnecessary" or (d) access to the appeals or grievance procedure is denied or otherwise restricted. To the extent that the Issuer is involved in managed care contracting, it may be exposed to additional liability based on these types of claims.

Environmental Laws

Hospitals are subject to a wide variety of federal, state and local environmental and occupational health and safety laws and regulations that address, among other things, hospital operations or facilities and properties owned or operated by hospitals. In their role as owners and operators of properties or facilities, hospitals may be subject to liability for investigating and remedying any hazardous substances that have come to be located on their property, including any such substances that may have migrated off of the property. Typical hospital operations include, in various combinations, the handling, use, storage, transportation, disposal and discharge of hazardous, infectious, toxic, radioactive, flammable and other hazardous materials, wastes, pollutants or contaminants. For these reasons, hospital operations are particularly susceptible to the practical, financial and legal risks associated with compliance with such laws and regulations. Such risks may result in damage to individuals, property or the environment; may interrupt operations or increase their cost or both; may result in legal liability, damages, injunctions or fines; or may trigger investigations, administrative proceedings, penalties or other government agency actions. At the present time, the Issuer is not aware of any pending or threatened environmental claim, investigation or enforcement action which if determined adversely to the Issuer would have material adverse consequences. There can be no assurance that the Issuer will not encounter such risks in the future, and such risks may result in material adverse consequences to the operations or financial condition of the Issuer.

Possible Staffing Shortages

In recent years, the hospital industry has suffered from an increasing scarcity of nurses and skilled technicians to staff its facilities. Factors underlying this industry trend include an increase in the proportion of the population that is elderly, an increase in the tendency to institutionalize senior citizens as opposed to providing nursing care in the home, a decrease in the number of persons entering the nursing profession and an increase in the number of nurses specializing in home health care. These factors may

intensify in years to come, aggravating the shortage of skilled personnel. Nationally there is a shortage of registered nurses and licensed practical nurses. This shortage of nurses and skilled technicians has forced the Issuer's health care facilities to pay higher than anticipated salaries to such personnel or to hire such personnel on a temporary basis through outside agencies at a higher cost. As competition for such employees intensifies, staffing shortages could have the continued effect of significantly increasing personnel costs and could have a material adverse effect on the financial results of the Issuer and on its ability to sustain minimum staffing levels necessary to maintain licensure, certification and accreditation. The Issuer's health care facilities' census is driven by physician referrals and admissions, which are impacted by seasonable utilization trends. To better accommodate these trends, the Issuer matches flexible staffing schedules to better match wages and salary costs to overall utilization. Although the Issuer's health care facilities have achieved adequate nurse and skilled technician staffing levels to date through the use of employed and contract personnel, it is uncertain whether qualified candidates will continue to be available in the future.

Other Factors

In addition to those matters more particularly described above, the following are some other factors that could adversely affect the operation of health care facilities, in the future:

Enactment of legislation governing such matters as (a) capping annual spending growth for the Medicare and Medicaid programs, (b) reforming the Medicaid program through the allocation of federal funds through block grants to states, (c) expanding the use of tax-deductible, medical savings accounts, (d) requiring acute care hospitals to pay a tax on the total cost of services to cover the cost of Medicaid services to the poor, (e) requiring the development of rate schedules based on Medicare payment methodologies for use by private health insurers, (f) limiting Medicare reimbursement for certain high-cost procedures to selected providers and (g) setting new standards for medical staff peer reviews, potentially increasing hospital exposure to litigation and/or liability regarding medical staff disputes.

Employee strikes and other adverse labor actions that could result in a substantial reduction in revenues without corresponding decreases in costs.

The cost and availability of malpractice, hazard, automobile and general comprehensive liability insurance.

Increases in utility costs.

Increases in pharmaceutical costs.

Risks inherent in investments and changes in investment returns.

Enactment of legislation or other events affecting the exemption of the Issuer from state or local income and property taxes.

The Issuer expects that it will experience increases in operating costs due to inflation, necessary technological changes to remain competitive, salaries and benefits, increased depreciation and other factors. There is no assurance that cost increases will be matched by increased patient and other charges in amounts sufficient to generate revenue and gains in excess of expenses at the levels experienced by the Issuer in the past.

Competition from other Communities

See “Service Area and Competition” in Appendix A for a discussion of competition with other facilities.

For recent financial information relating to the operations and condition of the Issuer, see “APPENDIX A - CERTAIN INFORMATION CONCERNING THE HOSPITAL” and in “APPENDIX C – CONSOLIDATED FINANCIAL STATEMENTS FOR FISCAL YEARS ENDED JUNE 30, 2023 AND 2022.”

Future Health Care Legislation

Changes in the law or new interpretations of existing laws may have a dramatic effect on the definition of permissible or impermissible activities, the relative costs associated with doing business and the amount of reimbursement by government and third-party payors. Any new legislation or government policies, if enacted into law, could adversely affect the revenues and operations of the Issuer. There is a likelihood that some laws and regulations relating to the health care industry will change as a result of national and state elections.

Cybersecurity, Security Breaches and Unauthorized Releases of Personal Information

Like many other large organizations, the Issuer relies on digital technologies to conduct its customary operations. In the past several years, a number of entities have sought to gain unauthorized access to digital systems of large organizations for the purpose of misappropriating assets or information or cause operational disruptions. These attempts include highly sophisticated efforts to electronically circumvent network security as well as more traditional intelligence gathering and social engineering aimed at obtaining information necessary to gain access. The Issuer maintains a network security system designed to stop “cyber-attacks” by third parties, and minimize its impact on operations; however, no assurances can be given that such network security systems will be completely successful.

State and local authorities are increasingly focused on the importance of protecting the confidentiality of individuals’ personal information, including patient health information. Many states have enacted laws requiring businesses to notify individuals of security breaches that result in the unauthorized release of personal information. In some states, notification requirements may be triggered even where information has not been used or disclosed, but rather has been inappropriately accessed.

State consumer protection laws may also provide the basis for legal action for privacy and security breaches and frequently, unlike HIPAA, authorize a private right of action. In particular, as discussed with respect to the HITECH Act above, the public nature of security breaches exposes health organizations to increased risk of individual or class action lawsuits from patients or other affected persons, in addition to government enforcement. Failure to comply with restrictions on patient privacy or to maintain robust information security safeguards, including taking steps to ensure that contractors who have access to sensitive patient information maintain the confidentiality of such information, could consequently damage a health care provider’s reputation and materially adversely affect business operations.

The Issuer has obtained cyber security insurance possessing a \$5,000,000 base coverage and an excess layer of \$5,000,000; however, should loss from an cyber occurrence exceed such insurance coverage amounts, it is unclear to what effect such loss would have on the Issuer’s overall fiscal health.

Other Risk Factors

Future economic and other conditions, including demographic changes, legislation, governmental regulations and litigation, may adversely affect the revenues of the Issuer, and consequently, payment of principal and interest with respect to the Notes as well as the other payments required of the Issuer under the Indenture of Trust.

In addition to the foregoing, the following factors, among others, may also affect the operations or financial performance of the Issuer and the payment of the principal of and interest on the Notes:

- (i) the inability of, or the cost to, the Issuer to continue to insure or otherwise protect itself against general liability claims;
- (ii) decreases in population within the service area of the Issuer;
- (iii) limitations on the ability of the Issuer to attract patients;
- (iv) the occurrence of natural disasters that might damage the Issuer facilities, interrupt service to the Issuer or otherwise impair the operation and ability of the Issuer to produce revenue; and
- (v) enforcement of certain of the provisions of the remedies under the Indenture of Trust may be limited or restricted by laws relating to bankruptcy, fraudulent conveyances and rights of creditors and by application of general principles of equity applicable to the availability of specific performance, and may be substantially delayed in the event of litigation or statutory remedy procedures.

The occurrence of one or more of the foregoing, or the occurrence of other unanticipated events, could adversely affect the Issuer's financial performance.

OPERATIVE COVENANTS

Additional Indebtedness

The Indenture of Trust does not permit the Issuer to incur additional Indebtedness, except for (i) with consent of the USDA, purchase money mortgages in an amount not exceeding \$250,000 and non-recourse Indebtedness; (ii) unsecured operating line of credit and renewals thereof in a maximum principal amount not exceeding \$2,000,000; (iii) Additional Notes issued to complete the Capital Project or refinance Notes pursuant to the Indenture of Trust with the consent of the USDA; (iv) the USDA Loan and (v) with the consent of the USDA, other Indebtedness in an aggregate principal amount outstanding at any time not in excess of the greater of \$3,000,000 or five percent (5%) of Operating Revenues of the Issuer for the most recent Fiscal Year. See Appendix B - "FORM OF NOTE INDENTURE -Additional Notes" attached hereto.

Limitation on Creation of Liens

The Issuer has covenanted and agreed that, except for Permitted Encumbrances, it will not create, assume or suffer to exist any lien or other encumbrance upon the Gross Receipts. See Appendix B-1 - "FORM OF INDENTURE OF TRUST" attached hereto.

TAX MATTERS[BOND COUNSEL UPDATE]

[TBI]

CONTINUING DISCLOSURE

No financial or operating data concerning the Issuer is material to any decision to purchase, hold or sell the Notes and the Issuer will not provide any such information. The Issuer has undertaken all responsibilities for any continuing disclosure to Noteholders as described below, and the Issuer shall have no liability to the Noteholders or any other person with respect to such disclosures.

Pursuant to the Continuing Disclosure Agreement to be dated as of August 1, 2024 (the "Continuing Disclosure Agreement") between the Issuer and the Note Trustee, as dissemination agent, the Issuer has covenanted for the benefit of Noteholders to provide certain financial information relating to the Issuer to the Municipal Securities Rulemaking Board (the "MSRB"), following the end of the Issuer's fiscal year beginning with the fiscal year ending [June 30], 2025 (the "Annual Report"), and to provide notices of the occurrence of certain enumerated events. The Annual Report will be filed within 180 days after each fiscal year end on behalf of the Issuer with the MSRB in an electronic format as prescribed by the MSRB. The Issuer has also covenanted in the Continuing Disclosure Agreement to provide certain unaudited financial information and construction updates relating to the Capital Project on a quarterly basis. The Issuer has not been obligated in the past five years to provide continuing disclosure pursuant to the hereinafter defined Rule and, as such, has not failed to comply with any continuing disclosure requirements during such period. See Appendix E - "FORM OF CONTINUING DISCLOSURE AGREEMENT."

THE NOTE TRUSTEE

Zions Bancorporation, National Association is the Note Trustee under the Indenture of Trust. A successor trustee may be appointed in accordance with the terms of the Indenture of Trust. The corporate trust office of Zions Bancorporation, National Association, charged with administration under the Indenture of Trust is located at:

Zions Bancorporation, National Association
Corporate Trust, Zions Bank Division
233 Peachtree Street NE; Suite #2525
Atlanta, GA. 30303

LEGAL MATTERS

Legal matters incident to the authorization, issuance and sale of the Notes are subject to the approving legal opinion of Stradling, Yocca Carlson & Rauth LLP, Bond Counsel. _____ has served as counsel to the Issuer. Certain matters will be passed upon for the Underwriter by its counsel, Taylor English Duma LLP.

LITIGATION

To the knowledge of the Issuer and Hospital, there is no litigation pending or threatened seeking to restrain or enjoin the issuance or delivery of the Notes or questioning or affecting the validity of the Notes or the proceedings and authority under which they are to be issued or which in any manner questions the right of the Issuer in accordance with the provisions of the Act, and the Indenture of Trust. Neither the creation, organization or existence of the Issuer, nor the title of the

present members or other officers of the Issuer to their respective offices, is being contested.

Neither the creation, organization or existence of the Issuer, nor the title of the present members, trustees or other officers of the Issuer to their respective offices, is being contested. To the knowledge of the Issuer, no litigation is pending or threatened that in any manner questions the right of the Issuer to engage in the transactions relating to the Notes or the execution and delivery of the Indenture of Trust or the Continuing Disclosure Agreement or which would materially adversely affect the Issuer's financial condition or its operations.

UNDERWRITING

The Notes are being purchased by Municipal Capital Markets Group, Inc., as the Underwriter. The Underwriter has agreed to purchase the Notes at an aggregate purchase price of \$ _____ (representing the principal amount of the Notes less an underwriting discount of \$ _____). The obligation of the Underwriter to purchase and accept delivery of the Notes are subject to certain conditions contained in the Note Purchase Contract related to the Notes. The Issuer has agreed to indemnify the Underwriter against certain liabilities, including certain liabilities arising under federal and state securities laws. The Underwriter may offer and sell the Notes to certain dealers (including dealers depositing Notes into unit investment trusts) and others at prices lower than the offering price stated on the cover page hereof. The initial offering price may be changed from time to time by the Underwriter.

RATING

As is stated on the cover page of this Official Statement, Moody's Investors Services ("Moody's") has given the Notes the rating of "_____". An explanation of the significance of such ratings may be obtained from Moody's. Moody's was furnished with the information contained in a preliminary form of this Official Statement and other information. Generally, ratings agencies base their ratings on such materials and information, as well as their own investigation, studies and assumptions. The rating reflects only the view of Moody's, and none of the Issuer, the Hospital or the Underwriter makes any representation as to the appropriateness of the rating.

It should be noted that there is no assurance that such rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by such rating agency, if in the judgment of such rating agency, circumstances warrant such action. Any downward revision or withdrawal of such rating may have an adverse effect on the market price of the Notes.

Additionally, due to the ongoing uncertainty regarding the debt of the United States of America, including without limitation, the general economic conditions in the country, and other political and economic developments that may affect the financial condition in the country, and other political and economic developments that may affect the financial condition of the United States government, the United States debt limit, and the bond ratings of the United States and its instrumentalities, could be subject to a rating downgrade. Furthermore, if a significant default or other financial crisis should occur in the affairs of the United States or any of its agencies or political subdivisions, then such event could also adversely affect the market for and ratings, liquidity, and market value of outstanding debt obligations, such as the Notes.

FINANCIAL STATEMENTS

The financial statements of the Issuer for Fiscal Years ended June 30, 2023 and 2022 are included in this Official Statement as APPENDIX C, and have been audited by Baker Tilly US, LLP, independent auditors, as stated in their report appearing in APPENDIX C.

MISCELLANEOUS

All estimates, assumptions, statistical information and other statements contained herein, while taken from sources considered reliable, are not guaranteed. To the extent that any statement herein includes matters of opinion, or estimates of future expenses and income, whether or not expressly so stated, they are intended merely as such and not as representations of fact.

The agreement of the Issuer with the holders of the Notes are fully set forth in the Indenture of Trust, and neither any advertisement of the Notes nor this Official Statement is to be construed as constituting an agreement with the purchasers of such Notes.

The information contained herein should not be construed as representing all conditions affecting the Issuer or the Notes. The foregoing statements relating to the Indenture of Trust, and other documents are summaries of certain provisions thereof, and in all respects are subject to and qualified in their entirety by express reference to the provisions of such documents in their complete forms, copies of which will be furnished upon request, prior to the delivery of the Notes, by the Issuer, and thereafter, by the Note Trustee.

The attached Appendices A through F are integral parts of this Official Statement and should be read in their entirety together with all foregoing statements.

Information relating to DTC and the book-entry system described herein under the heading "THE DEPOSITORY TRUST COMPANY - Book-Entry Only System" has been furnished by DTC and is believed to be reliable, but none of the Issuer or the Underwriter makes any representations or warranties whatsoever with respect to any such information.

Appendix A - "CERTAIN INFORMATION REGARDING THE ISSUER AND THE PROJECT" has been supplied by the Issuer. Appendix C - "FINANCIAL STATEMENTS FOR FISCAL YEARS ENDED JUNE 30, 2023 AND 2022" has been prepared by P_____. Appendix B-1 - "FORM OF NOTE INDENTURE", Appendix F - "FORM OF BOND COUNSEL OPINION" and "Appendix D - "FORM OF CONTINUING DISCLOSURE AGREEMENT" are presumed to be substantially similar to the final documents; however, reference should be made to the final documents for their actual terms.

The Issuer has consented to the use of this Official Statement. The contents of this Official Statement are the responsibility of the Issuer, except as otherwise indicated. In the Note Purchase Contract, the Issuer has agreed to indemnify the Issuer and the Underwriter against certain liabilities relating to this Official Statement.

THE LAST FRONTIER HEALTHCARE
DISTRICT

By: /s/ _____
Name: _____
Its: _____

APPENDIX A
 CERTAIN INFORMATION REGARDING THE HOSPITAL AND THE PROJECT
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APPENDIX B: FORM OF NOTE INDENTURE

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Attachment J



**BOARD OF DIRECTORS
CONSIDERATION / ACTION**

**RESOLUTION REQUESTING COLLECTION OF CHARGES ON THE TAX ROLL
LAST FRONTIER HEALTHCARE DISTRICT
FOR THE FISCAL YEAR 2024-2025**

WHEREAS, the Last Frontier Healthcare District (District) requests that the County of Modoc (County) collect on the County tax rolls certain charges which have been imposed pursuant to the FORMATION OF THE LAST FRONTIER HEALTHCARE DISTRICT BY THE VOTE OF THE PEOPLE, adopted on AUGUST 31, 2010, attached hereto, and;

WHEREAS, the County has required as a condition of the collection of said charges that the **DISTRICT** warrant the legality of said charges and defend and indemnify the County from any challenge to the legality thereof.

NOW, THEREFORE BE IT HEREBY RESOLVED by the **LAST FRONTIER HEALTHCARE DISTRICT** that:

1. The Auditor of Modoc County is requested to attach for collection on the County tax rolls those taxes, assessments, fees and/or charges, in the tax roll provided by the **DISTRICT** no later than August 10, 2024.
2. The **DISTRICT** agrees that its officers, agents and employees will cooperate with the County in answering questions referred to the **DISTRICT** by the County from any person concerning the **DISTRICT'S** taxes, assessments, fees and/or charges, and that the **DISTRICT** will not refer such persons to County officers and employees for response.

The foregoing resolution was duly adopted at a meeting of the Board of Directors of Last Frontier Healthcare District held on the 25th day of July 2024, by the following vote:

LFHD Board Members	Aye	Nay	Absent	Abstain
Edouard (Jim) Cavasso				
Paul Dolby				
Carol Madison				
Mike Mason				
Rose Boulade				

THE MOTION CARRIES / FAILS.

Edouard (Jim) Cavasso, Chair

LAST FRONTIER HEALTHCARE DISTRICT BOARD OF DIRECTORS

LAST FRONTIER HEALTHCARE DISTRICT

I, **Samantha Farr**, Interim Clerk of the Board of Directors in and for the **LAST FRONTIER HEALTHCARE DISTRICT**, do hereby certify and attest that the above and foregoing is a full, true and correct copy of an **ORDER** as it appears in the Minutes of said Board of Directors this 25th day of July 2024 on file in my office.

WITNESS my hand and the seal of the Board of Directors this 25th day of July 2024.

Samantha Farr, Interim Clerk of the Board
LAST FRONTIER HEALTHCARE DISTRICT

Attachment K



**BOARD OF DIRECTORS
CONSIDERATION / ACTION**

**ORDINANCE APPROVING A FORMAL AGREEMENT FOR THE SALE OF
LAST FRONTIER HEALTHCARE DISTRICT BOND ANTICIPATION NOTES**

WHEREAS, the Board of Directors (the “Board”) of the Last Frontier Healthcare District (the “District”), a local healthcare district organized and existing under and pursuant to the Local Healthcare District Law of the State of California (the “Law”), has determined to issue its Last Frontier Healthcare District (Modoc County, California) 2024 Bond Anticipation Notes (the “Notes”), in an aggregate principal amount of not to exceed \$24,000,000, pursuant to the Law, to provide funds to finance a portion of the costs of a new 50-bed skilled nursing facility to be located on property owned by the District adjacent to its acute care hospital in Alturas, California;

WHEREAS, the District has determined that it is in the best interest of the District to sell the Notes by private sale; and

WHEREAS, section 32320 of the Law requires the adoption of this ordinance prior to the sale of the Notes;

NOW, THEREFORE, it is hereby ORDAINED, as follows:

Section 1. The Notes shall be sold by public or private sale to such purchaser or purchasers as the Board shall specify.

Section 2. The formal agreement between the District and said purchaser or purchasers, in the form of the note purchase agreement on file with the Secretary of the Board and presented to this meeting, is hereby approved. The President of the Board, the Chief Executive Officer of the District, the Chief Finance Officer of the District, the Chief Operations Officer of the District, or their designee, is hereby authorized and directed to approve the final terms of the sale of the Notes at a future meeting of the Board.

Section 3. The agreement between the District and the purchaser or purchaser of the Notes, and this ordinance, shall be subject to referendum.

Section 4. The Secretary of the Board is directed to cause this ordinance to be published by bond counsel pursuant to section 32321 of the California Health and Safety Code.

Section 5. This ordinance shall take effect thirty days after the date of its adoption. The foregoing resolution was duly adopted at a meeting of the Board of Directors of Last Frontier Healthcare District held on the 25th day of July 2024, by the following vote:

LFHD Board Members	Aye	Nay	Absent	Abstain
Edouard (Jim) Cavasso				
Paul Dolby				
Carol Madison				
Mike Mason				
Rose Boulade				

THE MOTION CARRIES / FAILS.

Edouard (Jim) Cavasso, Chair
LAST FRONTIER HEALTHCARE DISTRICT BOARD OF DIRECTORS

LAST FRONTIER HEALTHCARE DISTRICT

I, Samantha Farr the Interim Clerk of the Board of Directors of the Last Frontier 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 25th day of July 2024, by the following vote of the members thereof:

WITNESS my hand and the seal of the Board of Directors this 25th day of July 2024.

Samantha Farr, Interim Clerk of the Board
LAST FRONTIER HEALTHCARE DISTRICT

Attachment L

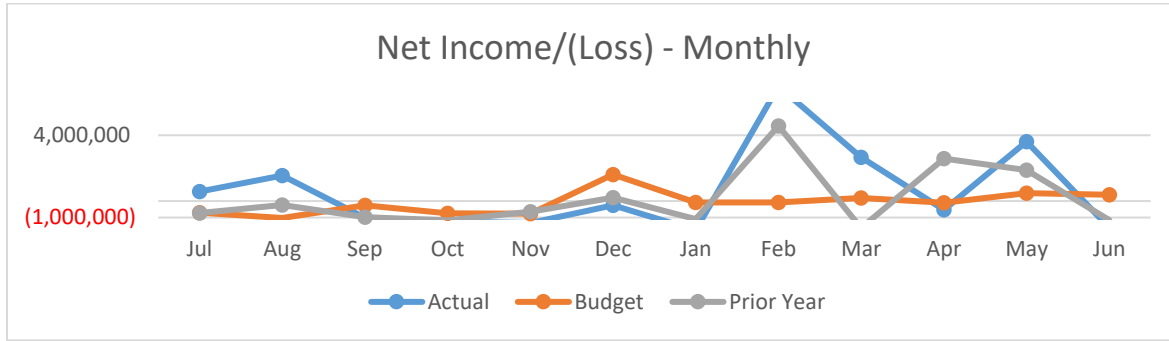


Modoc Medical Center
Financial Narrative
For the Month of June 2024

Prepared by Jin Lin, Finance Director

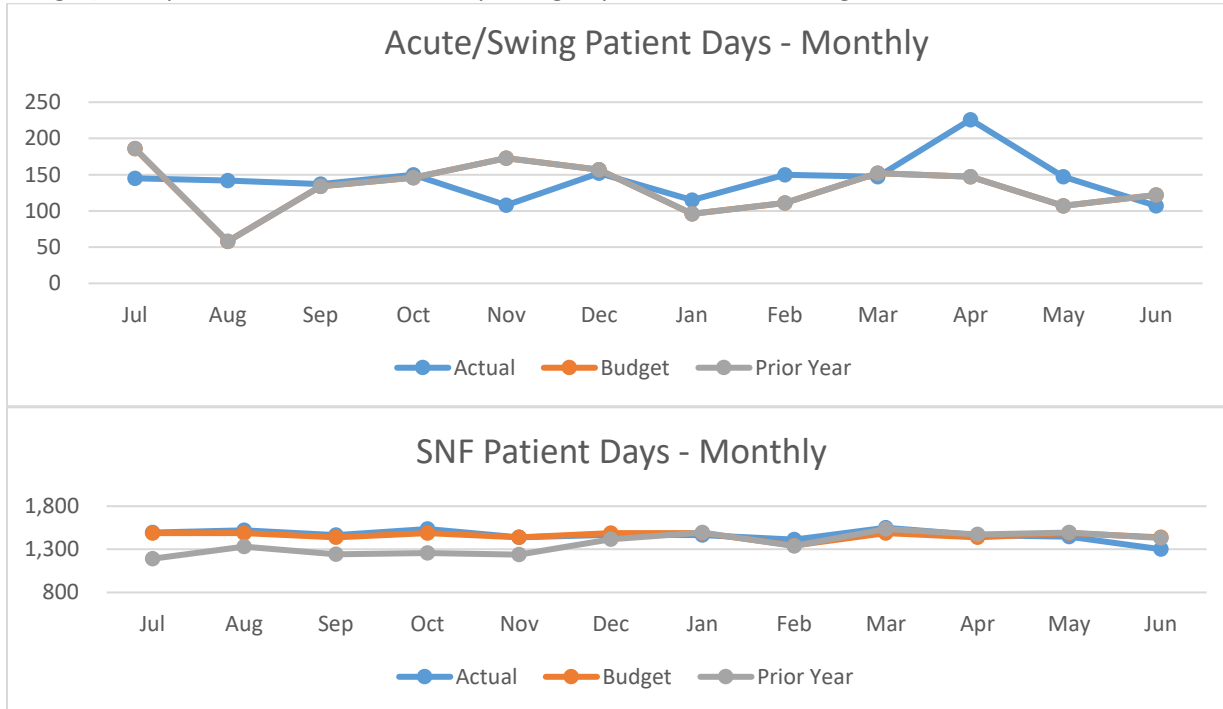
Summary

During the month of June, Modoc Medical Center reported net Loss from operations of (\$2.975) million representing worse than was budgeted a loss of (\$752K). Both Inpatient and outpatient revenue were down from the prior month. Total patient revenue was \$4.441million, slightly down from \$4.954 million. Net income, including Non-Operating Activity, was a loss of (\$1.611) million while budgeted a profit of \$287K.



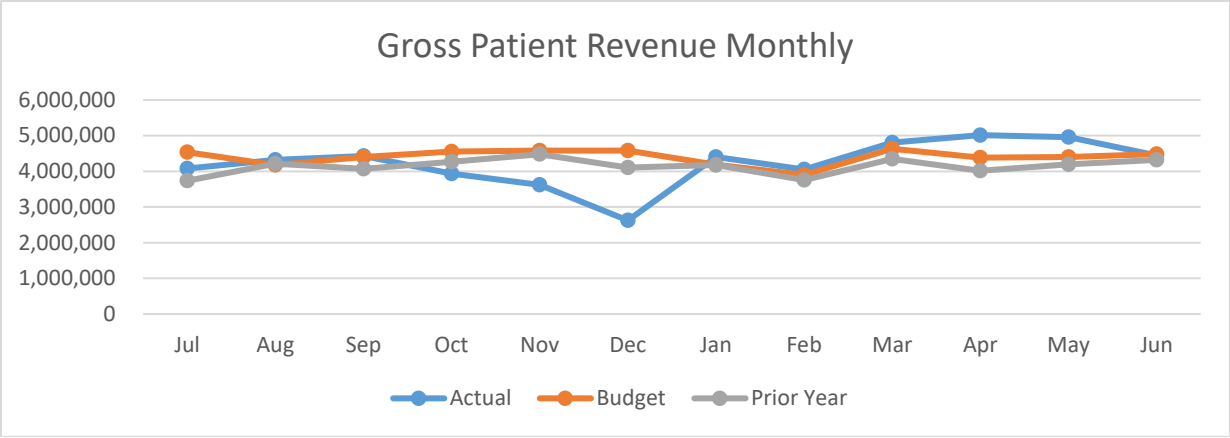
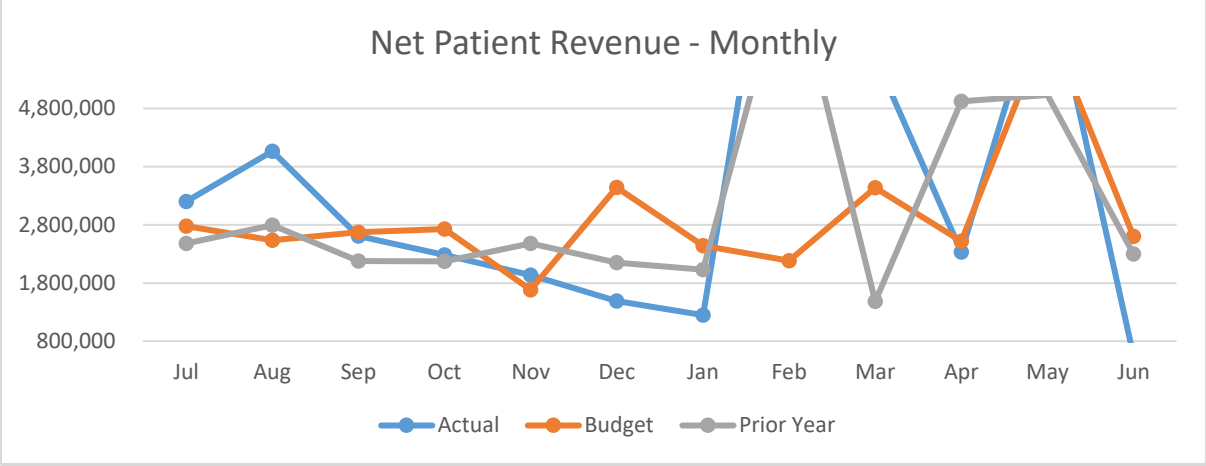
Patient Volumes

Combined Acute Days were over budget for the month by 15. The SNF Patient Days declined to 1,301 under budget by 129 days. Overall Inpatient Days were under budget by 144 (1,408 actual vs. 1,552 budget). Outpatient volumes saw all reporting departments over budget.



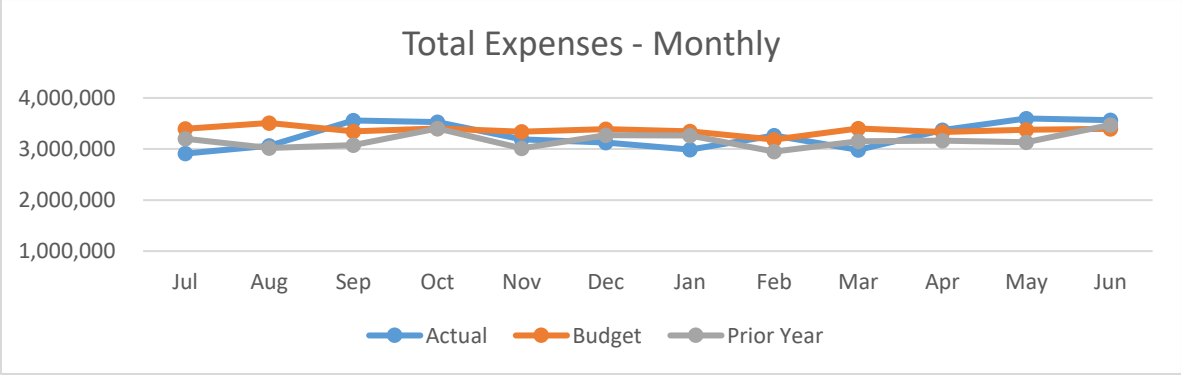
Revenues

Gross Patient Revenues were \$4,441million, while was budgeted of \$4.48 million. Of this, the Inpatient Revenue was over budget by \$11K and Outpatient Revenue over budget by \$31K. Net Patient Revenue is \$548K.



Expenses

Total Operating Expenses were \$3.562 million this month, compared to a budget of \$3.399 million. Operating expenses were down \$35K from the prior month. The largest increase was in Staffing and purchased services.



Non-Operating Activity

Non-Operating expense for the month was (\$80K) from accrued USDA loan interest. District Vouchers were \$4K. Interest income of \$908K is from CD, and the profit of \$177K from the retail pharmacy. Total non-operating income for the month showed a gain of \$1.365 million.

Balance Sheet

Cash decreased during the month by \$5.28 million to \$38.466 million. The decrease in cash was due to the injection of \$5.313 million into the new skilled nursing facility. Total assets decreased by \$4 million during the month, while total liabilities decreased by \$2.392 million. Days in Cash was 350. Days in AP was 15. Days in AR was 107. The current ratio was 12.

Modoc Medical Center
Income Statement Trend

	<u>Jun-23</u>	<u>Jul-23</u>	<u>Aug-23</u>	<u>Sep-23</u>	<u>Oct-23</u>	<u>Nov-23</u>	<u>Dec-23</u>	<u>Jan-24</u>	<u>Feb-24</u>	<u>Mar-24</u>	<u>Apr-24</u>	<u>May-24</u>	<u>Jun-24</u>
Revenues													
Room & Board - Acute	285,397	345,492	317,987	318,575	351,220	417,088	664,733	499,792	555,114	549,833	840,593	608,227	621,412
Room & Board - SNF	776,912	812,447	827,207	802,683	830,974	677,650	488,063	1,157,655	764,705	842,883	805,773	797,539	724,820
Ancillary	144,062	195,932	165,072	211,691	148,162	(2,003)	4	0	(1,807)	(670)	0	(1,574)	0
Total Inpatient Revenue	1,206,370	1,353,871	1,310,266	1,332,949	1,330,356	1,092,735	1,152,801	1,657,447	1,318,011	1,392,046	1,646,367	1,404,191	1,346,232
Outpatient Revenue	3,108,815	2,797,167	3,047,136	3,094,016	3,105,412	2,544,173	2,467,396	2,734,484	2,728,737	3,412,997	3,366,093	3,549,311	3,094,588
Total Patient Revenue	4,315,185	4,151,039	4,357,402	4,426,965	4,435,767	3,636,908	3,620,197	4,391,932	4,046,748	4,805,043	5,012,460	4,953,502	4,440,820
Bad Debts	105,322	878,097	257,916	0	1,639,787	1,681,616	2,133,435	3,148,346	(6,160,026)	(883,180)	2,678,575	(2,261,746)	3,892,666
Contractual Adjs	1,803,158		231,127	0	0	0	0	0	0	0	0	0	0
Admin Aids	108,655		0	0	0	0	0	0	0	0	0	0	0
Total Revenue Deductions	2,017,135	878,097	257,916	1,821,473	1,639,787	1,681,616	2,133,435	3,148,346	(6,160,026)	(883,180)	2,678,575	(2,261,746)	3,892,666
Net Patient Revenue	2,298,050	3,272,942	4,099,486	2,605,493	2,795,980	1,955,292	1,486,762	1,243,586	10,206,774	5,688,223	2,333,885	7,215,248	548,154
% of Charges	53.3%	78.8%	94.1%	58.9%	63.0%	53.8%	41.1%	28.3%	252.2%	118.4%	46.6%	145.7%	12.3%
Other Revenue	53,076	22,979	214,711	17,954	60,030	12,419	29,432	37,745	44,470	37,903	68,797	50,362	38,814
Total Net Revenue	2,351,126	3,295,921	4,314,197	2,623,447	2,856,010	1,967,711	1,516,194	1,281,331	10,251,244	5,726,126	2,402,682	7,265,610	586,968
Expenses													
Salaries	1,240,847	1,312,653	1,410,174	1,228,267	1,460,794	1,279,200	1,371,491	1,265,139	1,411,704	1,306,164	1,391,143	1,533,649	1,414,821
Benefits and Taxes	292,984	283,231	288,143	279,753	333,123	272,727	273,225	316,350	304,824	293,158	348,262	274,896	308,852
Registry	363,046	164,005	200,472	428,038	174,694	285,542	293,475	230,303	280,535	235,556	327,070	335,090	325,959
Professional Fees	668,384	245,148	326,918	695,436	622,160	589,686	410,893	383,807	542,012	356,722	508,254	537,128	461,359
Purchased Services	198,164	226,663	143,964	186,122	75,697	127,831	149,184	138,295	60,206	138,377	168,199	214,077	342,633
Supplies	363,878	111,164	214,589	344,785	429,823	284,952	272,063	301,253	311,225	287,802	302,065	296,345	322,883
Repairs and Maint	22,401	20,972	32,673	23,527	47,061	17,795	13,553	12,211	32,351	41,881	29,875	33,985	19,737
Lease and Rental	3,258	3,649	3,465	4,183	3,671	3,556	3,238	3,251	6,515	424	7,623	355	4,002
Utilities	38,496	52,947	48,744	44,971	45,139	44,798	43,137	54,620	40,424	49,590	41,572	50,883	60,768
Insurance	31,917	1,973	16,578	66,324	82,154	35,169	40,135	37,133	37,133	37,133	35,168	35,540	35,335
Depreciation	175,157	176,246	175,543	169,494	174,984	172,539	178,607	177,445	165,997	178,743	172,977	178,743	172,961
Other	73,933	54,308	79,770	100,372	84,525	75,019	90,834	88,979	101,919	65,184	80,180	107,616	93,147
Total Operating Expenses	3,472,465	2,652,959	2,941,033	3,571,272	3,533,825	3,188,813	3,139,835	3,008,787	3,294,844	2,990,734	3,412,388	3,598,307	3,562,457
Income from Operations	(1,121,339)	642,962	1,373,164	(947,825)	(677,815)	(1,221,102)	(1,623,642)	(1,727,456)	6,956,400	2,735,392	(1,009,706)	3,667,303	(2,975,489)
Property Tax Revenue	(4,776)	(2,516)	0	0	0	0	1,394,840	(975)	(390)	0	546,092	0	335,711
Interest Income	44,459	38,542	282,246	15,214	38,584	10,648	7,060	32,885	6,115	5,174	25,673	29,028	775,661
Interest Expense	(88,732)	(84,271)	(85,120)	(82,022)	(83,356)	(81,855)	(82,298)	(78,661)	(76,211)	(81,093)	(78,877)	(81,411)	(79,950)
Gain/Loss on Asset Disposal/Forte	0	0	0	0	0	0	0	0	0	0	0	0	0
Retail Pharmacy Net Activity	25,598	(20,671)	(23,391)	(21,786)	(27,899)	(15,980)	25,722	(27,024)	59,603	7,151	(8,627)	4,592	176,966
Other Non-Operating Income and I	0	0	(2,453)	(455)	(3,619)	(952)	(1,444)	(2,961)	(3,439)	(7,712)	(6,955)	(10,325)	156,533
Total Non-Operating Revenue	(23,451)	(68,916)	171,282	(89,050)	(76,289)	(88,139)	1,343,880	(76,736)	(14,323)	(76,480)	477,307	(58,116)	1,364,921
Net Income	(1,144,791)	574,046	1,544,446	(1,036,875)	(754,104)	(1,309,241)	(279,762)	(1,804,192)	6,942,077	2,658,912	(532,399)	3,609,187	(1,610,568)
EBIDA	(880,902)	834,563	1,805,109	(785,359)	(495,764)	(1,054,847)	(18,857)	(1,548,086)	7,184,285	2,918,748	(280,546)	3,869,340	(1,357,657)
Operating Margin %	-47.7%	19.5%	31.8%	-36.1%	-23.7%	-62.1%	-107.1%	-134.8%	67.9%	47.8%	-42.0%	50.5%	-506.9%
Net Margin %	-48.7%	17.4%	35.8%	-39.5%	-26.4%	-66.5%	-18.5%	-140.8%	67.7%	46.4%	-22.2%	49.7%	-274.4%
EBIDA Margin %	-37.5%	25.3%	41.8%	-29.9%	-17.4%	-53.6%	-1.2%	-120.8%	70.1%	51.0%	-11.7%	53.3%	-231.3%

Modoc Medical Center
Income Statement
For the month of June 2024

	Month	Budget	Variance	Prior Year Month	YTD	Budget	Variance	Audited Prior Year YTD
Revenues								
Room & Board - Acute	621,412	303,010	318,402	285,397	6,090,066	3,553,326	2,536,740	3,594,658
Room & Board - SNF	724,820	782,640	(57,820)	776,912	9,532,399	9,522,120	10,279	8,933,800
Ancillary	0	271,957	(271,957)	152,884	714,808	3,075,210	(2,360,402)	2,848,993
Total Inpatient Revenue	1,346,232	1,357,607	(11,375)	1,206,370	16,337,273	16,150,656	186,617	15,377,451
Outpatient Revenue	3,094,588	3,125,884	(31,296)	2,919,405	35,941,509	36,671,348	(729,839)	34,080,886
Total Patient Revenue	4,440,820	4,483,491	(42,671)	4,125,775	52,278,782	52,822,004	(543,222)	49,458,337
Bad Debts	0	0	0	0	0	0	0	0
Contractuals Adjs	3,892,666	1,882,860	2,009,806	1,760,890	8,826,959	16,542,758	(7,715,799)	11,871,160
Admin Adjs	0	0	0	0	0	0	0	0
Total Revenue Deductions	3,892,666	1,882,860	2,009,806	1,760,890	8,826,959	16,542,758	(7,715,799)	11,871,160
Net Patient Revenue	548,154	2,600,631	(2,052,477)	2,364,885	43,451,823	36,279,246	7,172,577	37,587,177
<i>% of Charges</i>	<i>12.3%</i>	<i>58.0%</i>	<i>-45.7%</i>	<i>57.3%</i>	<i>83.1%</i>	<i>68.7%</i>	<i>14.4%</i>	<i>76.0%</i>
Other Revenue	38,814	22,525	16,289	255,099	635,617	1,212,800	(577,183)	1,122,351
Total Net Revenue	586,968	2,623,156	(2,036,188)	2,619,984	44,087,440	37,492,046	6,595,394	38,709,528
Expenses								
Salaries	1,414,821	1,469,196	(54,375)	1,270,845	16,385,199	17,549,233	(1,164,034)	15,035,524
Benefits and Taxes	308,852	286,309	22,543	444,224	3,576,545	3,426,381	150,164	3,305,161
Registry	325,959	347,318	(21,359)	363,046	3,280,738	4,167,813	(887,075)	4,235,376
Professional Fees	461,359	362,617	98,742	668,384	5,679,524	4,359,222	1,320,302	5,899,467
Purchased Services	342,633	141,619	201,014	375,725	1,971,248	1,890,774	80,474	1,872,567
Supplies	322,883	339,944	(17,061)	412,878	3,478,949	4,015,449	(536,500)	3,723,813
Repairs and Maint	19,737	62,682	(42,945)	22,401	325,620	328,754	(3,134)	299,805
Lease and Rental	4,002	4,311	(309)	3,258	43,933	51,732	(7,799)	43,193
Utilities	60,768	54,616	6,152	38,496	577,593	604,744	(27,151)	655,587
Insurance	35,335	35,261	74	31,917	459,775	423,132	36,643	393,539
Depreciation	172,961	175,485	(2,524)	174,474	2,094,276	2,105,825	(11,549)	2,094,421
Other	93,147	95,329	(2,182)	74,065	1,021,853	1,228,150	(206,297)	1,063,256
Total Operating Expenses	3,562,457	3,374,687	187,770	3,879,713	38,895,253	40,151,209	(1,255,956)	38,621,709
Income from Operations	(2,975,489)	(751,531)	(2,223,958)	(1,259,729)	5,192,187	(2,659,163)	7,851,350	87,819
Property Tax Revenue	335,711	235,917	99,794	335,711	2,275,278	2,195,357	79,921	2,292,812
Interest Income	775,661	232,800	542,861	129,627	1,266,831	1,115,174	151,657	593,233
Interest Expense	(79,950)	(77,235)	(2,715)	(88,732)	(975,125)	(939,689)	(35,436)	(1,016,896)
Gain/Loss on Asset Disposal		(4,098)	4,098	0	0	0	0	0
Retail Pharmacy Net Activity	176,966	5,378	171,588	25,598	128,654	(105,810)	234,464	(6,521)
Other Non-Operating Income	156,533	392,762	(236,229)	181,368	113,701	(51,576)	165,277	132,877
Total Non-Operating Revenue	1,364,921	785,524	579,397	583,572	2,809,339	2,213,456	595,883	1,995,505
Net Income/(Loss)	(1,610,568)	33,993	(1,644,561)	(676,157)	8,001,526	(445,707)	8,447,233	2,083,324
EBIDA	(1,357,657)	286,714	(1,644,371)	(412,951)	11,070,927	2,599,807	8,471,120	5,194,641
Operating Margin %	-506.9%	-28.6%	-478.3%	-48.1%	11.8%	-7.1%	18.9%	0.2%
Net Margin %	-274.4%	1.3%	-275.7%	-25.8%	18.1%	-1.2%	19.3%	5.4%
EBIDA Margin %	-231.3%	10.9%	-242.2%	-15.8%	25.1%	6.9%	18.2%	13.4%

Modoc Medical Center
Balance Sheet
For the month of June

	Unaudited 24-Jun	Unaudited 24-May	Unaudited 24-Apr	Unaudited 24-Mar	Unaudited 24-Feb	Unaudited 24-Jan	Unaudited 23-Dec	Unaudited 23-Nov	Unaudited 23-Oct	Unaudited 23-Sep	Unaudited 23-Aug	Unaudited 23-Jul	Audited 23-Jun
Cash	2,040,226	1,461,100	1,475,140	2,524,085	677,751	1,121,545	1,395,384	326,804	975,386	484,636	874,233	834,261	1,634,026
Investments	35,207,420	41,068,608	23,539,822	21,514,382	21,659,450	29,504,053	31,271,417	33,414,624	33,054,237	35,219,923	35,804,975	34,723,012	34,684,742
Designated Funds	1,218,830	1,220,821	915,998	917,895	918,356	917,902	913,758	914,608	912,213	912,258	921,230	621,067	618,986
Total Cash	38,466,476	43,750,529	25,930,959	24,956,361	23,255,557	31,543,500	33,580,560	34,656,036	34,941,836	36,616,818	37,600,438	36,178,340	36,937,754
Gross Patient AR	17,014,906	18,067,468	19,104,506	20,642,241	20,663,365	19,174,034	17,032,707	15,278,904	14,655,414	14,065,157	13,103,344	12,942,701	11,988,701
Allowances	(10,896,501)	(10,475,514)	(10,817,046)	(10,055,688)	(10,249,085)	(11,234,472)	(9,294,158)	(7,977,587)	(6,971,023)	(6,381,979)	(5,920,339)	(5,794,697)	(5,345,337)
Net Patient AR	6,118,405	7,591,954	8,287,460	10,586,553	10,414,280	7,939,562	7,738,548	7,301,317	7,684,391	7,683,178	7,183,005	7,148,004	6,643,364
% of Gross	36.0%	42.0%	43.4%	51.3%	50.4%	41.4%	45.4%	47.8%	52.4%	54.6%	54.8%	55.2%	55.4%
Third Party Receivable	610,819	404,549	14,256,512	13,564,567	12,571,039	151,107	151,107	151,107	1,159,067	151,107	151,107	472,166	486,819
Other AR	601,047	438,491	379,774	504,211	554,889	475,283	539,141	428,029	493,937	445,730	468,781	479,695	524,900
Inventory	474,741	464,974	480,896	456,600	425,161	405,115	406,575	413,036	412,007	437,439	229,325	253,513	432,608
Prepays	729,187	477,478	440,264	522,783	522,483	548,118	578,026	569,994	526,592	560,300	525,313	296,980	391,694
Total Current Assets	47,000,675	53,127,975	49,775,864	50,591,075	47,743,409	41,062,685	42,993,958	43,519,520	45,217,830	45,894,571	46,157,970	44,828,698	45,417,139
Land	713,540	713,540	713,540	713,540	713,540	713,540	713,540	713,540	713,540	713,540	713,540	713,540	713,540
Bldg & Improvements	47,326,806	47,326,806	47,326,806	47,326,806	47,326,806	47,326,806	47,326,806	47,326,806	47,326,806	47,326,806	47,326,806	47,326,806	47,326,806
Equipment	12,927,245	12,927,244	12,927,245	12,927,245	12,814,345	12,814,345	12,814,345	12,814,345	12,618,550	12,618,550	12,618,550	12,618,550	12,618,550
Construction In Progress	15,128,909	12,831,246	10,112,006	9,194,159	9,227,542	8,459,503	8,439,529	7,932,196	8,096,946	8,013,355	7,312,893	7,125,575	6,774,768
Fixed Assets	76,096,500	73,798,836	71,079,597	70,161,750	70,082,233	69,314,194	69,294,220	68,786,887	68,755,841	68,672,251	67,971,789	67,784,471	67,433,664
Accum Depreciation	(18,839,740)	(18,666,588)	(18,487,648)	(18,314,480)	(18,135,539)	(17,969,358)	(17,791,715)	(17,612,910)	(17,440,180)	(17,264,998)	(17,095,313)	(16,919,573)	(16,743,129)
Net Fixed Assets	57,256,760	55,132,248	52,591,949	51,847,270	51,946,694	51,344,836	51,502,505	51,173,977	51,315,661	51,407,253	50,876,476	50,864,898	50,690,535
Other Assets	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Assets	104,257,435	108,260,223	102,367,813	102,438,345	99,690,103	92,407,521	94,496,462	94,693,497	96,533,491	97,301,824	97,034,445	95,693,596	96,107,674
Accounts Payable	1,700,071	4,301,989	1,783,216	1,554,387	1,591,413	1,485,577	1,416,707	1,540,663	1,534,223	1,856,151	643,929	1,110,854	1,301,881
Accrued Payroll	1,243,183	1,114,355	1,435,404	1,278,546	1,232,410	1,073,671	1,031,976	905,124	1,522,791	1,295,727	1,272,761	1,090,317	961,762
Patient Trust Accounts	8,622	8,435	8,420	8,133	7,712	7,422	7,367	7,220	6,778	7,015	17,492	17,479	15,480
Third Party Payables	480,000	480,000	480,000	480,000	480,000	480,000	480,000	480,000	480,000	480,000	480,000	480,000	480,000
Accrued Interest	487,290	406,605	321,122	245,228	165,429	89,790	485,158	405,474	325,443	244,572	165,029	84,157	486,808
Other Current Liabilities/Accrue	3,919,166	6,311,385	4,028,162	3,566,294	3,476,964	3,136,460	3,421,208	3,338,481	3,869,235	3,883,464	2,579,210	2,782,806	3,245,931
Total Current Liabilities	32,640,000	32,640,000	32,640,000	32,640,000	32,640,000	32,640,000	32,640,000	32,640,000	32,640,000	32,640,000	32,640,000	32,640,000	33,165,000
Long Term Liabilities	36,559,166	38,951,385	36,668,162	36,206,294	36,116,964	35,776,460	36,061,208	35,978,481	36,509,235	36,523,464	35,219,210	35,422,806	36,410,931
Total Liabilities	69,199,166	71,591,385	69,308,162	68,846,294	68,756,964	68,416,460	68,701,208	68,618,481	69,149,235	69,163,464	67,859,210	68,062,806	69,575,931
Fund Balance	59,696,743	59,696,743	59,696,743	59,696,743	59,696,743	59,696,743	59,696,743	59,696,743	59,696,743	59,696,743	59,696,743	59,696,743	59,696,743
Current Year Income/(Loss)	8,001,526	9,612,096	6,002,909	6,535,309	3,876,397	-3,065,681	-1,261,488	-981,727	327,513	1,081,617	2,118,492	574,046	574,046
Total Equity	67,698,269	69,308,838	65,699,652	66,232,052	63,573,140	56,631,062	58,435,254	58,715,016	60,024,256	60,778,360	61,815,235	60,270,789	59,696,743
Total Liabilities and Equity	104,257,435	108,260,223	102,367,813	102,438,346	99,690,103	92,407,522	94,496,462	94,693,497	96,533,492	97,301,824	97,034,445	95,693,595	96,107,674
Days in Cash	350	412	244	239	223	303	322	333	335	351	361	347	354
Days in AR (Gross)	107	108	114	133	148	137	122	109	105	101	94	93	86
Days in AP	15	40	17	14	15	14	13	14	14	17	6	10	12
Current Ratio	11.99	8.42	12.36	14.19	13.73	13.09	12.57	13.04	11.69	11.82	17.90	16.11	13.99

STATEMENT OF CASH FLOWS

June-24

	CURRENT MONTH	FISCAL YEAR YTD
CASH FLOWS FROM OPERATING ACTIVITIES		
NET INCOME	-1,610,569	8,001,526
ADJUSTMENTS TO RECONCILE NET INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
DEPRECIATION EXPENSE	173,152	2,096,611
CHANGE IN PATIENT ACCOUNTS RECEIVABLE	1,473,549	524,959
CHANGE IN OTHER RECEIVABLES	-368,826	-200,148
CHANGE IN INVENTORIES	-9,767	-42,133
CHANGE IN PREPAID EXPENSES	-251,709	-337,492
CHANGE IN ACCOUNTS PAYABLE	-2,601,918	398,190
CHANGE IN ACCRUED EXPENSES PAYABLE	80,685	482
CHANGE IN ACCRUED SALARIES AND RELATED TAXES	128,828	281,421
CHANGE IN OTHER PAYABLES	0	0
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	-1,376,006	2,721,890
CASH FLOWS FROM INVESTMENT ACTIVITIES		
PURCHASE OF EQUIPMENT/CIP	-2,297,664	-8,662,836
CUSTODIAL HOLDINGS	187	-6,858
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	-2,297,477	-8,669,694
CASH FROM FINANCING ACTIVITIES		
NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES	0	-525,000
CASH AT BEGINNING OF PERIOD	43,750,529	36,937,754
NET INCREASE (DECREASE) IN CASH	-5,284,052	1,528,722
CASH AT END OF PERIOD	38,466,477	38,466,476

MODOC MEDICAL CENTER
"FULL TIME EQUIVALENT REPORT"
 Twelve Months Ending: June 30, 2024

Department	Jun-24	May-24	Apr-24	Mar-24	Feb-24	Jan-24	Dec-23	Nov-23	Oct-23	Sep-23	Aug-23	Jul-23	12 Mo Ave
Med / Surg	16.11	16.35	16.08	15.04	14.57	11.56	15.61	12.59	13.97	14.64	15.41	16.55	14.87
Comm Disease Care		-											0.00
Swing Beds													#DIV/0!
Long Term - SNF	56.39	54.00	54.30	56.28	51.60	49.47	52.18	45.23	51.45	52.83	49.94	49.68	51.95
Emergency Dept	11.94	12.36	9.94	10.87	9.98	9.87	12.52	9.5	10.89	10.93	9.71	9.73	10.69
Ambulance - Alturas	10.24	10.74	10.69	11.34	10.56	12.07	11.82	11.09	11.46	11.82	11.02	10.55	11.12
Clinic	16.40	17.04	16.62	19.67	22.04	19.76	20.74	20.51	21.20	20.46	19.26	20.34	19.50
Canby Clinic	6.27	7.38	7.45	6.95	7.58	7.95	7.57	7.56	9.17	7.69	7.05	6.9	7.46
Canby Dental	3.84	3.05	4.18	3.68	2.99	2.87	3.51	2.82	3.19	4.21	4.44	3.93	3.56
Surgery	4.01	4.15	4.05	4.13	4.65	3.65	3.76	4.33	4.00	3.56	3.71	4.49	4.04
IRR		-											0.00
Lab	10.10	10.77	9.36	9.38	8.56	7.25	7.38	8.84	11.23	9.06	7.04	8.96	8.99
Radiology	3.47	3.48	3.12	3.96	4.28	4.2	4.45	4.78	5.67	6.27	4.24	3.28	4.27
MRI		-											0.00
Ultrasound	1.31	1.31	1.32	1.39	1.50	1.28	1.49	1.36	1.28	1.15	1.11	1.54	1.34
CT	1.86	1.66	1.08	1.61	0.87	1.4	1.46	1.89	1.52	1.57	1.42	1.54	1.49
Pharmacy	1.84	2.16	2.12	2.05	1.91	1.38	2.04	2.16	1.93	1.05	1.52	1.9	1.84
Physical Therapy	8.22	6.24	6.29	7.65	4.88	3.72	4.64	5.12	4.20	5.08	6.20	6.7	5.75
Other PT		-											0.00
Dietary	11.02	11.22	11.16	11.83	11.74	11.63	13.04	13.11	13.79	11.94	11.62	14.52	12.22
Dietary Acute	7.24	7.74	7.91	7.23	7.61	7.82	7.07	7.27	6.56	6.56	5.98	4.78	6.98
Laundry	0.96	0.99	1.00	0.95	1.07	1.01	1.08	0.97	1.04	1.01	1.04	1	1.01
Activities	4.23	3.72	3.54	3.47	3.56	3.54	3.62	3.64	3.78	3.55	3.68	3.13	3.62
Social Services	2.04	2.05	1.98	1.75	2.06	2.04	2.32	1.99	1.94	2.1	2.03	1.83	2.01
Purchasing	2.96	3.19	3.15	3.11	3.06	2.99	3.02	3.19	2.98	2.97	3.03	3.09	3.06
Housekeeping	13.24	13.42	13.71	11.78	11.77	12.93	13.65	13.56	13.49	12.58	12.14	12.32	12.88
Maintenance	5.95	5.95	6.01	6.02	6.03	5.9	5.95	5.9	5.99	5.98	5.33	5.36	5.86
Data Processing	4.20	4.65	4.69	4.45	3.94	3.94	4.01	4.43	5.08	3.65	4.35	4.69	4.34
General Accounting	3.85	3.37	3.14	3.62	4.07	4.1	4.05	4.21	4.02	4.11	4.69	4.59	3.99
Patient Accounting	6.78	6.26	6.22	6.2	6.87	5.96	6.33	5.2	5.36	6.13	5.69	5.45	6.04
Administration	2.69	3.10	3.41	3.12	2.75	3.12	3.35	3.33	3.53	3.52	3.42	3.41	3.23
Human Resources	2.01	1.99	1.99	2.01	2.00	2	2.00	2	2.00	2	1.82	2.01	1.99
Medical Records	7.70	7.77	7.92	7.64	7.67	7.6	7.68	7.77	7.97	7.86	7.80	7.31	7.72
Nurse Administration	2.91	3.06	3.21	3.01	2.76	3.1	2.75	2	2.45	2.07	2.36	2.12	2.65
In-Service	1.00	1.00	1.00	1	1.03	1.00	1.05	1.00	1.00	1.00	1.00	1.00	1.01
Utilization Review	1.48	1.50	1.49	1.48	1.50	1.44	1.44	1.46	1.01	0.97	0.98	1.5	1.35
Quality Assurance	0.50	0.50	0.51	0.5	0.51	0.51	0.50	0.5	1.00	1	1.00	0.51	0.63
Infection Control	0.60	0.66	0.66	0.64	0.60	0.63	0.64	0.7	0.75	0.69	0.51	0.65	0.64
Retail Pharmacy	3.20	2.86	2.89	3.01	3.43	4.04	4.24	3.94	4.00	4.51	4.88	4.19	3.77
TOTAL	236.56	235.69	232.19	236.82	230.00	221.73	236.96	223.95	238.90	234.52	225.42	229.55	230.40

-0.24 (0.01)
 0.00 #DIV/0!
 0.00 #DIV/0!
 2.39 0.04
 -0.42 (0.04)
 -0.50 (0.05)
 -0.64 (0.04)
 -1.11 (0.18)
 0.79 0.21
 -0.14 (0.03)
 0.00 #DIV/0!
 -0.67 (0.07)
 -0.01 (0.00)
 0.00 #DIV/0!
 0.00 -
 0.20 0.11
 -0.32 (0.17)
 1.98 0.24
 0.00 #DIV/0!
 -0.20 (0.02)
 -0.50 (0.07)
 -0.03 (0.03)
 0.51 0.12
 -0.01 (0.00)
 -0.23 (0.08)
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 0.00 -
 -0.45 (0.11)
 0.48 0.12
 0.52 0.08
 -0.41 (0.15)
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 -0.07 (0.01)
 -0.15 (0.05)
 0.00 -
 -0.02 (0.01)
 0.00 -
 -0.06 (0.10)
 0.34 0.11
 0.87 0.00

2,782.29 June through July

MODOC MEDICAL CENTER

"KEY STATISTICS"

Twelve Months Ending, June 30, 2024

	Jun-24		May-24		Apr-24		Mar-24		Feb-24		Jan-24		Dec-23		Nov-23		Oct-23		Sep-23		Aug-23		Jul-23		FY 24 YTD	FY 23 YTD	12 Mos.	
	Act.	Bud.	Act.	Bud.	Act.	Bud.	Act.	Bud.	Act.	Bud.	Act.	Bud.	Act.	Bud.	Act.	Bud.	Act.	Bud.	Act.	Bud.	Act.	Bud.	Act.	Bud.				
Patient-Days																												
Adults/Peds	57	64	76	98	137	98	63	100	68	70	72	76	89	126	46	126	62	111	89	119	72	58	92	144	923	1,161	919	
Swing	50	58	71	49	89	49	84	52	82	41	43	17	63	47	62	47	88	35	48	15	70	15	53	42	803	425	779	
SNF	1,301	1,430	1,446	1,472	1,463	1,472	1,550	1,536	1,413	1,339	1,464	1,494	1,469	1,240	1,437	1,240	1,534	1,256	1,466	1,241	1,522	1,332	1,495	1,191	17,560	16,442	17,577	
Total "Patient Days"	1,408	1,552	1,593	1,619	1,689	1,619	1,697	1,688	1,563	1,450	1,579	1,587	1,621	1,413	1,545	1,413	1,684	1,402	1,603	1,375	1,664	1,405	1,640	1,377	19,286	18,028	19,275	
ADC																												
Adults/Peds	1.90	2.13	2.45	3.16	4.57	3.27	2.03	3.23	2.34	2.26	2.32	2.45	2.87	4.06	1.53	4.20	2.00	3.58	2.97	3.97	2.32	1.87	2.97	4.65	2.52	3.18	2.50	
Swing	1.67	1.93	2.29	1.58	2.97	1.63	2.71	1.68	2.83	1.32	1.39	0.55	2.03	1.52	2.07	1.57	2.84	1.13	1.60	0.50	2.26	0.48	1.71	1.35	2.19	1.16	2.12	
SNF	43.37	47.67	46.65	47.48	48.77	49.07	50.00	49.55	48.72	43.19	47.23	48.19	47.39	40.00	47.90	41.33	49.48	40.52	48.87	41.37	49.10	42.97	48.23	38.42	47.98	45.05	47.89	
Total "Average Daily Census"	46.93	51.73	51.39	52.23	56.30	53.97	54.74	54.45	53.90	46.77	50.94	51.19	52.29	45.58	51.50	47.10	54.32	45.23	53.43	45.83	53.68	45.32	52.90	44.42	52.69	49.39	52.52	
ALOS																												
Adults/Peds	3.35		3.30		7.21		3.32		3.78		4.00		3.71		5.75		3.44		4.94		3.60		5.11		4.59	5.00	4.16	
Swing	7.14		5.92		8.90		8.40		8.20		5.38		15.75		6.20		44.00		6.86		70.00		5.30		9.91	8.67	8.75	
Admissions																												
Adults/Peds	17	19	23	24	19	24	19	25	18	18	18	14	24	25	8	25	18	17	18	18	20	15	18	14	201	232	221	
Swing	7	8	12	3	10	3	10	4	10	7	8	3	4	6	10	6	2	2	7	3	1	1	10	3	81	49	89	
SNF	5	1	4	2	1	2	-	2	2	3	-	4	1	9	2	9	3	1	1	3	2	6	4	4	24	43	24	
Total "Admissions"	29	28	39	29	30	29	29	31	30	28	26	21	29	40	20	40	23	20	26	24	23	22	32	21	306	324	334	
Discharges																												
SNF	2		6		1		1		-		1		1		3		2		2		2		2		23	34	24	
Days in Period	30		31		30		31		29		31		31		30		31		30		31		31		366	365	367	
Amulatory Service Statistics																												
Emergency Visits	865	468	919	428	569	428	516	473	676	417	803	460	812	537	668	537	448	527	475	512	520	470	529	528	7,800	5,826	7,592	
Ambulance Rur Visits	81	81	113	68	108	68	92	64	92	64	79	79	83	83	83	83	50	82	79	76	73	57	87	60	591	922	672	
Clinic Visits	772	1,021	902	895	1,229	895	1,016	1,007	1,156	1,062	1,134	1,160	854	935	991	935	950	981	908	941	1,063	1,022	855	756	11,830	11,725	11,695	
Canby Clinic Visits	301	208	274	185	331	185	217	207	169	195	280	239	218	171	256	171	221	206	204	102	269	187	218	162	2,958	2,263	2,997	
Canby Dental	215	-	237	40	286	40	200	96	123	170	194	238	189	189	200	211	200	211	256	180	203	193	193	1,658	1,792	1,535		
Observation Admits	2	2	5	5	5	5	4	7	2	5	3	4	5	3	4	3	5	4	5	3	2	8	6	1	48	53	48	
Observation Ca Hours	49.6	38	160.5	298	131.2	298	143.2	152	53.9	5	113.8	157	249.1	177	132.1	177	274.8	131.5	177	89.3	369	145.0	145.0	1	1,674	1,619	1,658	
Ancillary Services Statistics																												
Surgeries	4	2	8	3	5	3	3	5	14	1	3	2	5	1	-	1	3	6	12	7	1	15	4	9	62	73	50	
Endoscopies	24	14	30	21	19	21	26	13	14	20	23	23	13	17	21	17	22	23	39	26	16	9	25	9	272	204	272	
Surgery & Recc Minutes	642	474	1,064	535	574	535	611	993	666	538	696	774	434	413	462	413	518	809	923	1,099	297	695	779	368	7,666	7,752	7,474	
Anesthesia Minutes	946	905	1,556	1,040	1,076	1,040	943	1,349	1,047	871	1,052	1,088	612	618	745	618	941	842	1,579	2,192	760	1,527	1,531	915	12,788	13,440	12,646	
Laboratory Tests	4112	3,928	4,832	4,992	4,914	4,992	4,348	5,336	4,980	4,355	4,697	4,730	5,194	5,194	4,005	5,437	4,005	5,437	5,042	5,492	3,917	5,987	3,822	6,835	40,557	62,107	39,505	
EKG Tests-Acut Proc		135		122		122		128		116		109		133		94		118	141	124	105	119	139	114	479	1,481	614	
EKG Tests-Clini Proc		2		1		1		9		2		5		5		1		5	5	8	7	7	2	8	15	60	17	
Radiology-Diag Proc	300	322	293	260	297	260	254	260	249	298	275	285	253	314	255	314	290	332	273	278	278	285	258	236	3,275	3,438	3,348	
Ultrasounds Proc	102	111	85	121	89	121	61	132	102	104	95	71	58	110	52	110	109	47	133	104	88	126	100	99	1,074	1,253	1,083	
CT Scans Proc	139	146	173	127	195	127	130	147	163	122	126	112	148	130	133	130	172	182	128	107	149	126	119	128	1,775	1,602	1,758	
MRI Proc	26	12	18	30	-	30	30	11	18	32	17	14	13	13	15	13	25	17	25	9	18	42	26	9	231	222	225	
Physical Therap Sessions	775	613	718	729	770	729	497	597	597	597	575	601	601	601	429	438	536	536	745	615	528	367	2,486	2,486	4,501	6,984	5,114	
Retail Pharmacy-Scripts	2,351	2,628	2,689	2,234	2,598	2,234	2,548	2,665	2,463	2,239	2,639	2,700	2,767	2,767	2,767	2,518	2,580	2,343	2,645	2,755	2,323	2,486	2,486	2,486	22,472	30,921	22,637	
Dietician Consults																										-	-	-

Modoc Investment Portfolio

As of July 16, 2024

Maturity	Item	Amount	Term	Rate
09/01/24	Tbill	\$11,800,000	3 mos	4.820%
07/18/24	Tbill	\$8,200,000	3 mos	4.650%
08/07/24	Tbill	\$10,000,000	3 mos	4.775%
N/A	PB MM	\$3,581,688		4.310%
N/A	LAIF	\$666,325		4.310%
Total		\$34,248,013		4.70%

Attachment M