



**SONOMA VALLEY HEALTH CARE DISTRICT
BOARD OF DIRECTORS**

AGENDA

TUESDAY JULY 27, 2021

SPECIAL SESSION 8:00 A.M.

HELD VIA ZOOM VIDEOCONFERENCE ONLY

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<p>In compliance with the Americans Disabilities Act, if you require special accommodations to participate in a District meeting, please contact District Interim Clerk Stacey Finn at sfinn@sonomavalleyhospital.org at least 48 hours prior to the meeting.</p>	RECOMMENDATION		
AGENDA ITEM			
<p>MISSION STATEMENT <i>The mission of SVHCD is to maintain, improve, and restore the health of everyone in our community.</i></p>			
<p>1. CALL TO ORDER</p>	<i>Rymer</i>		
<p>2. PUBLIC COMMENT <i>At this time, members of the public may comment on any item not appearing on the agenda. It is recommended that you keep your comments to three minutes or less. Under State Law, matters presented under this item cannot be discussed or acted upon by the Board at this time. For items appearing on the agenda, the public will be invited to make comments at the time the item comes up for Board consideration.</i></p>			
<p>3. SOURCES AND USES OF FUNDS & TIMELINE OF COMPLETION</p>	<i>Quint/Hicks</i>	Inform	
<p>4. RESOLUTION 359 AUTHORIZING THE ISSUANCE AND SALE OF THE DISTRICT'S 2021 GENERAL OBLIGATION REFUNDING BONDS</p>	<i>Quint/Hicks</i>	Action	

5. RESOLUTION 360 DISTRICT APPROVING A DEBT MANAGEMENT POLICY	<i>Quint/Hicks</i>	Action	
6. ADJOURN	<i>Rymer</i>		

SOURCES AND USES OF FUNDS

Sonoma Valley Health Care District
(Sonoma County, California)
2021 General Obligation Refunding Bonds
--FINAL--

Dated Date 08/05/2021
Delivery Date 08/05/2021

Sources:

Bond Proceeds:	
Par Amount	15,825,000.00
	<hr/>
	15,825,000.00

Uses:

Refunding Escrow Deposits:	
Cash Deposit	15,647,750.08
Delivery Date Expenses:	
Cost of Issuance	175,025.00
Other Uses of Funds:	
Additional Proceeds	2,224.92
	<hr/>
	15,825,000.00

BOND PRICING

Sonoma Valley Health Care District
 (Sonoma County, California)
 2021 General Obligation Refunding Bonds
 --FINAL--

Bond Component	Maturity Date	Amount	Rate	Yield	Price
Term Bond:					
	08/01/2022	1,415,000	1.790%	1.790%	100.000
	08/01/2023	1,450,000	1.790%	1.790%	100.000
	08/01/2024	1,480,000	1.790%	1.790%	100.000
	08/01/2025	1,520,000	1.790%	1.790%	100.000
	08/01/2026	1,560,000	1.790%	1.790%	100.000
	08/01/2027	1,600,000	1.790%	1.790%	100.000
	08/01/2028	1,640,000	1.790%	1.790%	100.000
	08/01/2029	1,680,000	1.790%	1.790%	100.000
	08/01/2030	1,720,000	1.790%	1.790%	100.000
	08/01/2031	1,760,000	1.790%	1.790%	100.000
		15,825,000			

Dated Date	08/05/2021	
Delivery Date	08/05/2021	
First Coupon	02/01/2022	
Par Amount	15,825,000.00	
Original Issue Discount	15,825,000.00	
Production Underwriter's Discount	15,825,000.00	100.000000%
Purchase Price	15,825,000.00	100.000000%
Accrued Interest	15,825,000.00	
Net Proceeds	15,825,000.00	

BOND SUMMARY STATISTICS

Sonoma Valley Health Care District
 (Sonoma County, California)
 2021 General Obligation Refunding Bonds
 --FINAL--

Dated Date	08/05/2021
Delivery Date	08/05/2021
Last Maturity	08/01/2031
Arbitrage Yield	1.790016%
True Interest Cost (TIC)	1.790016%
Net Interest Cost (NIC)	1.790000%
All-In TIC	1.999447%
Average Coupon	1.790000%
Average Life (years)	5.691
Weighted Average Maturity (years)	5.691
Duration of Issue (years)	5.369
Par Amount	15,825,000.00
Bond Proceeds	15,825,000.00
Total Interest	1,612,059.08
Net Interest	1,612,059.08
Bond Years from Dated Date	90,059,166.67
Bond Years from Delivery Date	90,059,166.67
Total Debt Service	17,437,059.08
Maximum Annual Debt Service	1,775,752.00
Average Annual Debt Service	1,745,645.51
Underwriter's Fees (per \$1000)	
Average Takedown	
Other Fee	

Total Underwriter's Discount	
Bid Price	100.000000

Bond Component	Par Value	Price	Average Coupon	Average Life	PV of 1 bp change
Term Bond	15,825,000.00	100.000	1.790%	5.691	14,400.75
	15,825,000.00			5.691	14,400.75

	TIC	All-In TIC	Arbitrage Yield
Par Value	15,825,000.00	15,825,000.00	15,825,000.00
+ Accrued Interest			
+ Premium (Discount)			
- Underwriter's Discount			
- Cost of Issuance Expense		-175,025.00	
- Other Amounts			
Target Value	15,825,000.00	15,649,975.00	15,825,000.00
Target Date	08/05/2021	08/05/2021	08/05/2021
Yield	1.790016%	1.999447%	1.790016%

BOND DEBT SERVICE

Sonoma Valley Health Care District
(Sonoma County, California)
2021 General Obligation Refunding Bonds
--FINAL--

Dated Date 08/05/2021
Delivery Date 08/05/2021

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
02/01/2022			138,486.33	138,486.33	
06/30/2022					138,486.33
08/01/2022	1,415,000	1.790%	141,633.75	1,556,633.75	
02/01/2023			128,969.50	128,969.50	
06/30/2023					1,685,603.25
08/01/2023	1,450,000	1.790%	128,969.50	1,578,969.50	
02/01/2024			115,992.00	115,992.00	
06/30/2024					1,694,961.50
08/01/2024	1,480,000	1.790%	115,992.00	1,595,992.00	
02/01/2025			102,746.00	102,746.00	
06/30/2025					1,698,738.00
08/01/2025	1,520,000	1.790%	102,746.00	1,622,746.00	
02/01/2026			89,142.00	89,142.00	
06/30/2026					1,711,888.00
08/01/2026	1,560,000	1.790%	89,142.00	1,649,142.00	
02/01/2027			75,180.00	75,180.00	
06/30/2027					1,724,322.00
08/01/2027	1,600,000	1.790%	75,180.00	1,675,180.00	
02/01/2028			60,860.00	60,860.00	
06/30/2028					1,736,040.00
08/01/2028	1,640,000	1.790%	60,860.00	1,700,860.00	
02/01/2029			46,182.00	46,182.00	
06/30/2029					1,747,042.00
08/01/2029	1,680,000	1.790%	46,182.00	1,726,182.00	
02/01/2030			31,146.00	31,146.00	
06/30/2030					1,757,328.00
08/01/2030	1,720,000	1.790%	31,146.00	1,751,146.00	
02/01/2031			15,752.00	15,752.00	
06/30/2031					1,766,898.00
08/01/2031	1,760,000	1.790%	15,752.00	1,775,752.00	
06/30/2032					1,775,752.00
	15,825,000		1,612,059.08	17,437,059.08	17,437,059.08

BOND DEBT SERVICE

Sonoma Valley Health Care District
(Sonoma County, California)
2021 General Obligation Refunding Bonds
--FINAL--

Dated Date 08/05/2021
Delivery Date 08/05/2021

Period Ending	Principal	Coupon	Interest	Debt Service
06/30/2022			138,486.33	138,486.33
06/30/2023	1,415,000	1.790%	270,603.25	1,685,603.25
06/30/2024	1,450,000	1.790%	244,961.50	1,694,961.50
06/30/2025	1,480,000	1.790%	218,738.00	1,698,738.00
06/30/2026	1,520,000	1.790%	191,888.00	1,711,888.00
06/30/2027	1,560,000	1.790%	164,322.00	1,724,322.00
06/30/2028	1,600,000	1.790%	136,040.00	1,736,040.00
06/30/2029	1,640,000	1.790%	107,042.00	1,747,042.00
06/30/2030	1,680,000	1.790%	77,328.00	1,757,328.00
06/30/2031	1,720,000	1.790%	46,898.00	1,766,898.00
06/30/2032	1,760,000	1.790%	15,752.00	1,775,752.00
	15,825,000		1,612,059.08	17,437,059.08

AGGREGATE DEBT SERVICE

Sonoma Valley Health Care District
(Sonoma County, California)
2021 General Obligation Refunding Bonds
--FINAL--

Period Ending	Refunding of Series 2010B	2014 Bonds	Aggregate Debt Service
06/30/2022	138,486.33	1,027,320.00	1,165,806.33
06/30/2023	1,685,603.25	1,072,557.60	2,758,160.85
06/30/2024	1,694,961.50	1,125,865.70	2,820,827.20
06/30/2025	1,698,738.00	1,191,734.00	2,890,472.00
06/30/2026	1,711,888.00	1,269,557.70	2,981,445.70
06/30/2027	1,724,322.00	1,354,807.60	3,079,129.60
06/30/2028	1,736,040.00	1,441,143.50	3,177,183.50
06/30/2029	1,747,042.00	1,539,130.70	3,286,172.70
06/30/2030	1,757,328.00	1,636,353.40	3,393,681.40
06/30/2031	1,766,898.00		1,766,898.00
06/30/2032	1,775,752.00		1,775,752.00
	17,437,059.08	11,658,470.20	29,095,529.28

SUMMARY OF REFUNDING RESULTS

Sonoma Valley Health Care District
(Sonoma County, California)
2021 General Obligation Refunding Bonds
--FINAL--

Dated Date	08/05/2021
Delivery Date	08/05/2021
Arbitrage yield	1.790016%
Escrow yield	0.000000%
Value of Negative Arbitrage	
Bond Par Amount	15,825,000.00
True Interest Cost	1.790016%
Net Interest Cost	1.790000%
Average Coupon	1.790000%
Average Life	5.691
Weighted Average Maturity	5.691
Par amount of refunded bonds	15,600,000.00
Average coupon of refunded bonds	4.335961%
Average life of refunded bonds	5.891
Remaining weighted average maturity of refunded bonds	5.842
PV of prior debt to 08/05/2021 @ 2.250000%	17,363,219.68
Net PV Savings	1,921,360.16
Percentage savings of refunded bonds	12.316411%
Percentage savings of refunding bonds	12.141296%

SAVINGS

Sonoma Valley Health Care District
 (Sonoma County, California)
 2021 General Obligation Refunding Bonds
 --FINAL--

Date	Prior Debt Service	Refunding Debt Service	Savings	Present Value to 08/05/2021 @ 2.2500000%
06/30/2022	330,577.50	138,486.33	192,091.17	190,001.41
06/30/2023	1,881,255.00	1,685,603.25	195,651.75	189,447.51
06/30/2024	1,890,255.00	1,694,961.50	195,293.50	185,052.78
06/30/2025	1,896,855.00	1,698,738.00	198,117.00	183,745.41
06/30/2026	1,905,955.00	1,711,888.00	194,067.00	176,128.25
06/30/2027	1,921,502.50	1,724,322.00	197,180.50	175,183.97
06/30/2028	1,932,075.00	1,736,040.00	196,035.00	170,493.36
06/30/2029	1,943,225.00	1,747,042.00	196,183.00	167,043.58
06/30/2030	1,953,687.50	1,757,328.00	196,359.50	163,720.59
06/30/2031	1,963,137.50	1,766,898.00	196,239.50	160,235.57
06/30/2032	1,973,425.00	1,775,752.00	197,673.00	158,082.80
	19,591,950.00	17,437,059.08	2,154,890.92	1,919,135.24

Savings Summary

PV of savings from cash flow	1,919,135.24
Plus: Refunding funds on hand	2,224.92
	1,921,360.16
Net PV Savings	1,921,360.16

PRIOR BOND DEBT SERVICE

Sonoma Valley Health Care District
(Sonoma County, California)
2021 General Obligation Refunding Bonds
--FINAL--

Period Ending	Principal	Coupon	Interest	Debt Service
06/30/2022			330,577.50	330,577.50
06/30/2023	1,245,000	4.000%	636,255.00	1,881,255.00
06/30/2024	1,305,000	4.000%	585,255.00	1,890,255.00
06/30/2025	1,365,000	4.000%	531,855.00	1,896,855.00
06/30/2026	1,430,000	4.000%	475,955.00	1,905,955.00
06/30/2027	1,505,000	4.100%	416,502.50	1,921,502.50
06/30/2028	1,580,000	4.250%	352,075.00	1,932,075.00
06/30/2029	1,660,000	4.250%	283,225.00	1,943,225.00
06/30/2030	1,745,000	4.500%	208,687.50	1,953,687.50
06/30/2031	1,835,000	4.500%	128,137.50	1,963,137.50
06/30/2032	1,930,000	4.500%	43,425.00	1,973,425.00
	15,600,000		3,991,950.00	19,591,950.00

SUMMARY OF BONDS REFUNDED

Sonoma Valley Health Care District
(Sonoma County, California)
2021 General Obligation Refunding Bonds
--FINAL--

Bond	Maturity Date	Interest Rate	Par Amount	Call Date	Call Price
\$23,000,000 General Obligation Bonds, Election of 2008, Series B (2010), 2010B, SERIAL:					
	08/01/2022	4.000%	1,245,000.00	08/27/2021	100.000
	08/01/2023	4.000%	1,305,000.00	08/27/2021	100.000
	08/01/2024	4.000%	1,365,000.00	08/27/2021	100.000
	08/01/2025	4.000%	1,430,000.00	08/27/2021	100.000
	08/01/2026	4.100%	1,505,000.00	08/27/2021	100.000
	08/01/2027	4.250%	1,580,000.00	08/27/2021	100.000
	08/01/2028	4.250%	1,660,000.00	08/27/2021	100.000
			10,090,000.00		
\$23,000,000 General Obligation Bonds, Election of 2008, Series B (2010), 2010B, 2031TERM:					
	08/01/2031	4.500%	5,510,000.00	08/27/2021	100.000
			15,600,000.00		

ESCROW REQUIREMENTS

Sonoma Valley Health Care District
(Sonoma County, California)
2021 General Obligation Refunding Bonds
--FINAL--

Period Ending	Interest	Principal Redeemed	Total
08/27/2021	47,750.08	15,600,000.00	15,647,750.08
	47,750.08	15,600,000.00	15,647,750.08

DISCLOSURE

Sonoma Valley Health Care District
(Sonoma County, California)
2021 General Obligation Refunding Bonds
--FINAL--

Piper Sandler is providing the information contained herein for discussion purposes only in anticipation of being engaged to serve as underwriter or placement agent on a future transaction and not as a financial advisor or municipal advisor. In providing the information contained herein, Piper Sandler is not recommending an action to you and the information provided herein is not intended to be and should not be construed as a 'recommendation' or 'advice' within the meaning of Section 15B of the Securities Exchange Act of 1934. Piper Sandler is not acting as an advisor to you and does not owe a fiduciary duty pursuant to Section 15B of the Exchange Act or under any state law to you with respect to the information and material contained in this communication. As an underwriter or placement agent, Piper Sandler's primary role is to purchase or arrange for the placement of securities with a view to distribution in an arm's-length commercial transaction, is acting for its own interests and has financial and other interests that differ from your interests. You should discuss any information and material contained in this communication with any and all internal or external advisors and experts that you deem appropriate before acting on this information or material.

The information contained herein may include hypothetical interest rates or interest rate savings for a potential refunding. Interest rates used herein take into consideration conditions in today's market and other factual information such as credit rating, geographic location and market sector. Interest rates described herein should not be viewed as rates that Piper Sandler expects to achieve for you should we be selected to act as your underwriter or placement agent. Information about interest rates and terms for SLGs is based on current publically available information and treasury or agency rates for open-market escrows are based on current market interest rates for these types of credits and should not be seen as costs or rates that Piper Sandler could achieve for you should we be selected to act as your underwriter or placement agent. More particularized information and analysis may be provided after you have engaged Piper Sandler as an underwriter or placement agent or under certain other exceptions as describe in the Section 15B of the Exchange Act.

TO: INTERESTED PARTIES

FROM: GARY HICKS

DATE: JULY 20, 2021

**RE: SONOMA VALLEY HEALTH CARE DISTRICT (THE “DISTRICT”)
\$15,825,000 2021 GENERAL OBLIGATION REFUNDING BONDS (THE “BONDS”)
FINANCING SCHEDULE**

The following is a final financing schedule for the above-referenced issue to assist financing team members in planning for critical dates and events. Please contact me at your earliest convenience should any of the dates indicated present a problem for any interested party.

<u>DATE</u>	<u>TASK TO BE COMPLETED</u>
June 3, 2021 6:00 p.m.	* District Board meeting – review of financing plan and savings. Approved moving forward with refunding.
June 4, 2021	* Requested engagement letters from Piper Sandler and Quint & Thimmig.
June 9, 2021	* Requested bids from Trustee and District legal counsel.
June 14, 2021	* Initial draft of Bond Resolution, BPA and other legal documents (the “Financing Documents”) sent to the finance team by Bond Counsel.
June 17, 2021	* Receipt of assessed value, tax and tax delinquency information from CMS.
June 18, 2021	* Placement Agent sends Request for Terms to prospective lenders.
June 22, 2021 10:00 a.m.	* Document review conference call to review Financing Documents.
June 23, 2021	* Revised draft of Financing Documents sent to finance team.
June 23, 2021	* Provide the District with the Initial Resolution, Finance Schedule and savings analysis for inclusion in Board member packets.
July 1, 2021 6:00 p.m.	* District Board meeting – review of the Finance Schedule and updated savings analysis. Review and passage of Initial Resolution.
July 2, 2021 10:00 a.m.	* Document review conference call to review Financing Documents.
July 5, 2021	* Revised draft of Financing Documents sent to finance team members.

**SONOMA VALLEY HEALTH CARE DISTRICT
FINANCING SCHEDULE
PAGE 2**

July 7, 2021	* Receipt of Term Sheets from prospective lenders.
July 8, 2021 2:00 p.m.	* Placement Agent prepares analysis of Term Sheets & reviews with the District. Term Sheet executed & decision to pursue private placement.
July 19, 2021 10:00 a.m.	* Financing update and document review conference call. Due diligence discussion to follow document review call, if needed.
July 20, 2021	* Distribution of final draft of Financing Documents and certificates.
July 20, 2021	* Deliver Bond Resolution, Debt Policy Resolution and other related documents to the District for inclusion in Board member packets.
July 21, 2021	Final comments provided on the Financing Documents and certificates. District sends redemption letter to Paying Agent.
July 22, 2021	Signature ready documents sent by Bond Counsel for execution.
July 23, 2021	Last day to complete due diligence work.
July 27, 2021 8:00 a.m.	District Special Board meeting – review Finance Schedule, approve Bond Resolution and Debt Policy Resolution. Paying Agent provides notice of redemption to owners of the 2010 Bonds. Execute Financing Documents.
July 28, 2021	Execute Bond Purchase Agreement.
August 2, 2021	Signed Financing Documents and certificates returned to Bond Counsel.
August 4, 2021 1:00 p.m.	Pre-closing via conference call.
August 5, 2021 9:00 a.m.	Closing via email.
August 5, 2021 6:00 p.m.	District Board meeting – review General Obligation Bond refinancing. Approve Tax Rate Resolution.
August 6, 2021	Send Tax Rate Resolution to Sonoma County.
August 27, 2021	Redemption of 2010 Bonds.

I look forward to working with all those involved with this financing. Should any of the scheduled dates established above for the completion of tasks cause difficulty for any participant, please contact me immediately at (801) 225-0731 to resolve any potential problem areas.

* Task Completed.

**BOARD OF DIRECTORS
SONOMA VALLEY HEALTH CARE DISTRICT
SONOMA COUNTY, STATE OF CALIFORNIA**

RESOLUTION NO. 359

**RESOLUTION OF THE BOARD OF DIRECTORS OF THE SONOMA VALLEY HEALTH CARE
DISTRICT AUTHORIZING THE ISSUANCE AND SALE OF THE DISTRICT'S 2021 GENERAL
OBLIGATION REFUNDING BONDS**

Adopted July 27, 2021

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**BOARD OF DIRECTORS
SONOMA VALLEY HEALTH CARE DISTRICT
SONOMA COUNTY, STATE OF CALIFORNIA**

RESOLUTION NO. 359

**RESOLUTION OF THE BOARD OF DIRECTORS OF THE SONOMA VALLEY HEALTH CARE
DISTRICT AUTHORIZING THE ISSUANCE AND SALE OF THE DISTRICT'S 2021 GENERAL
OBLIGATION REFUNDING BONDS**

RESOLVED, by the Board of Directors (the "Board") of the Sonoma Valley Health Care District (the "District"), as follows:

WHEREAS, on August 10, 2010, the District issued its Sonoma Valley Health Care District (Sonoma County, California) General Obligation Bonds, Election of 2008, Series B (2010) (the "2010 Bonds"), in the original principal amount of \$23,000,000, issued to finance the acquisition and improvement of real property for hospital purposes, of which \$15,600,000 principal amount is outstanding;

WHEREAS, pursuant to Article 9 of Chapter 3 (commencing with section 53550) of Division 2 of Title 5 of the California Government Code (the "Act"), the District is empowered to issue general obligation refunding bonds;

WHEREAS, the District intends to issue general obligation refunding bonds pursuant to this Resolution and in conformity with the Act to provide for the defeasance and redemption of all outstanding 2010 Bonds;

WHEREAS, the Board desires to authorize the issuance of such general obligation refunding bonds (the "Bonds"); and

WHEREAS, the Bonds shall be secured by a sole and exclusive statutory lien on and irrevocable pledge of the *ad valorem* tax or taxes levied for their repayment;

NOW, THEREFORE, THE BOARD OF DIRECTORS OF THE SONOMA VALLEY HEALTH CARE DISTRICT DOES HEREBY RESOLVE AS FOLLOWS:

ARTICLE I

DEFINITIONS; AUTHORITY

Section 1.01. Definitions. The terms defined in this Section 1.01, as used and capitalized herein, shall, for all purposes of this Resolution, have the meanings ascribed to them below, unless the context clearly requires some other meaning.

"Act" means provisions of Article 9 of Chapter 3 (commencing with section 53550) of Division 2 of Title 5 of the California Government Code, as is in effect on the date of adoption hereof and as amended hereafter.

"Articles," "Sections" and other subdivisions are to the corresponding Articles, Sections or subdivisions of this Resolution, and the words "herein," "hereof," "hereunder" and other words of similar import refer to this Resolution as a whole and not to any particular Article, Section or subdivision hereof.

"Authorized Investments" means any investments permitted by law to be made with moneys belonging to, or in the custody of, the District, but only to the extent that the same are acquired at Fair Market Value.

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

"Bond Counsel" means any attorney or firm of attorneys nationally recognized for expertise in rendering opinions as to the legality and tax exempt status of securities issued by public entities.

"Bond Purchase Agreement" means the Bond Purchase Agreement by and between the District and the Original Purchaser, for the purchase and sale of the Bonds.

"Bond Register" means the registration books for the Bonds maintained by the Paying Agent.

"Bonds" means the Sonoma Valley Health Care District (Sonoma County, California) 2021 General Obligation Refunding Bonds, at any time Outstanding pursuant to this Resolution.

"Closing Date" means the date upon which there is an exchange of the Bonds for the proceeds representing the purchase of the Bonds by the Original Purchaser.

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

"Continuing Disclosure Certificate" shall mean that certain Continuing Disclosure Certificate executed by the District and dated the date of issuance and delivery of the Bonds, as originally executed and 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 reimbursable to the District relating to the issuance, execution and delivery of the Bonds including, but not limited to, filing and recording costs, settlement costs, printing costs, reproduction and binding costs, legal fees and charges, fees and expenses of the Paying Agent, financial and other professional consultant fees, costs of obtaining credit ratings, fees for execution, transportation and safekeeping of the Bonds and charges and fees in connection with the foregoing.

"County" means Sonoma County, California.

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

"Debt Service" means the scheduled amount of interest and amortization of principal payable on the Bonds during the period of computation, excluding amounts scheduled during such period which relate to principal which has been retired before the beginning of such period.

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

"District Representative" means the Chair of the Board, the Treasurer of the Board, the Secretary of the Board, the Assistant Secretary of the Board, the Chief Executive Officer of the District, the Chief Financial Officer of the District, or any other person authorized by this Resolution or other resolution of the Board to act on behalf of the District with respect to this Resolution and the Bonds.

"Escrow Agreement" means that certain Escrow Agreement, by and between the District and the Escrow Bank, relating to the defeasance of the 2010 Bonds.

"Escrow Bank" means The Bank of New York Mellon Trust Company, N.A., as escrow bank under the Escrow Agreement.

"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 United States Treasury Bonds, bills or certificates of indebtedness or those for which the faith and credit of the United States are pledged for the payment of principal and interest.

"Generally Accepted Accounting Principles" or "GAAP" means the uniform accounting and reporting procedures set forth in the opinions, pronouncements and publications of the Accounting Principles Board, the American Institute of Certified Public Accountants and the Financial Accounting Standards Board or in such other statements by such other entity as may be of general use by significant segments of the accounting profession as in effect on the date hereof.

"Governmental Authority" means any governmental or quasi-governmental entity, including any court, department, commission, board, bureau, agency, administration, central bank, service, city or other instrumentality of any governmental entity or other entity exercising executive, legislative, judicial, taxing, regulatory, fiscal, monetary or administrative powers or functions of or pertaining to government, or any arbitrator, mediator or other person with authority to bind a party at law.

"Independent Accountant" means any certified public accountant or firm of such accountants appointed and paid by the District, and who, or each of whom:

- (a) is in fact independent and not under domination of the District;
- (b) does not have any substantial interest, direct or indirect, with the District; and
- (c) is not connected with the District as an officer or employee of the District, but who may be regularly retained to make annual or other audits of the books of or reports to the District.

"Interest Payment Date" means, with respect to interest, February 1 and August 1 of each year commencing on February 1, 2022, and with respect to principal, August 1, of each year commencing on August 1, 2022.

"Material Adverse Effect" means an event or occurrence which adversely affects in a material manner (a) the assets, liabilities, condition (financial or otherwise), business, facilities or operations of the District, (b) the ability of the District to carry out its business in the manner conducted as of the date of this Resolution or to meet or perform its obligations under this Resolution on a timely basis, (c) the validity or enforceability of this Resolution, or (d) the exclusion of interest on the Bonds from gross income for federal income tax purposes or the exemption of such interest for state income tax purposes.

"Material Litigation" means any action, suit, proceeding, inquiry or investigation against the District in any court or before any arbitrator of any kind or before or by any Governmental Authority, (i) if determined adversely to the District, may have a Material Adverse Effect, (ii) seek to restrain or enjoin any of the transactions contemplated by this Resolution, or (iii) may adversely affect (A) the exclusion of interest on the Bonds from gross income for federal income tax purposes or the exemption of such interest for state income tax purposes or (B) the ability of the District to perform its obligations under this Resolution.

"Net Proceeds," when used with reference to the Bonds, means the face amount of the Bonds.

"Original Purchaser" means the institutional investor executing the Bond Purchase Agreement.

"Outstanding" means, when used as of any particular time with reference to the Bonds, all Bonds except:

(a) Bonds theretofore canceled by the Paying Agent or surrendered to the Paying Agent for cancellation;

(b) Bonds paid or deemed to have been paid within the meaning of Section 9.02 hereof; and

(c) Bonds in lieu of or in substitution for which other Bonds shall have been authorized, executed, issued and delivered by the District pursuant to this Resolution.

"Owner" or *"Bondowner"* mean any person who shall be the registered owner of any Outstanding Bond.

"Paying Agent" means The Bank of New York Mellon Trust Company, N.A., the Paying Agent appointed by the District and acting as paying agent, registrar and authenticating agent for the Bonds, or such other paying agent as shall be appointed by the District prior to the delivery

of the Bonds, its successors and assigns, and any other corporation or association which may at any time be substituted in its place, as provided in Section 6.01 hereof.

"Paying Agent Agreement" means the Paying Agent/Bond Registrar/Costs of Issuance Agreement, dated the Closing Date, by and between the District and the Paying Agent.

"Placement Agent" means Piper Sandler & Co.

"Principal Office" means the principal corporate trust office of the Paying Agent in Dallas, Texas.

"Record Date" means the 15th day of the month preceding each Interest Payment Date.

"Regulations" means temporary and permanent regulations promulgated under the Code.

"Resolution" means this Resolution, including all amendments hereto and supplements hereof which are duly adopted by the Board from time to time in accordance herewith.

"Supplemental Resolution" means any resolution supplemental to or amendatory of this Resolution, adopted by the District in accordance with Article VIII hereof.

"Taxable Rate" means the interest rate to be paid on the Bonds on and after the Date of Taxability, as set forth in the Bond Purchase Agreement.

"Term Bonds" means those Bonds for which mandatory redemption dates have been established pursuant to the Bond Purchase Agreement.

"2010 Bonds" means the Sonoma Valley Health Care District (Sonoma County, California) General Obligation Bonds, Election of 2008, Series B (2010), in the original principal amount of \$23,000,000, issued to finance the acquisition and improvement of real property for hospital purposes, of which \$15,600,000 principal amount is currently outstanding.

"Written Request of the District" means an instrument in writing signed by a District Representative or by any other officer of the District duly authorized by the District and listed on a Written Request of the District for that purpose.

Section 1.02. Authority for this Resolution. This Resolution is entered into pursuant to the provisions of the Act.

ARTICLE II

THE BONDS

Section 2.01. Authorization. Bonds are hereby authorized to be issued by the District under and subject to the terms of the Act and this Resolution. The amount of Bonds shall be determined on the date of sale thereof as the amount of Bonds needed for the defeasance of the 2010 Bonds and for the payment of Costs of Issuance in accordance with the Bond Purchase Agreement. This Resolution constitutes a continuing agreement with the Owners of all of the Bonds issued or to be issued hereunder and then Outstanding to secure the full and final payment of principal of and the interest on all Bonds which may from time to time be executed and delivered hereunder, subject to the covenants, agreements, provisions and conditions herein contained. The Bonds shall be designated the "Sonoma Valley Health Care District (Sonoma County, California) 2021 General Obligation Refunding Bonds."

Section 2.02. Terms of Bonds.

(a) *Form; Numbering*. The Bonds shall be issued as one fully registered bond, without coupons. Bonds shall be lettered and numbered as the Paying Agent shall prescribe.

(b) *Date of Bonds*. The Bonds shall be dated as of the Closing Date.

(d) *Maturities; Interest*. The Bonds shall mature (or, alternatively, be subject to mandatory sinking fund redemption as hereinafter provided) and become payable on August 1 in the years and in the amounts set forth in, and subject to alteration thereof permitted by, the Bond Purchase Agreement, but shall mature no later than August 1, 2031. The Bonds shall bear interest at such rate or rates as shall be determined upon the sale thereof, payable semi-annually on each Interest Payment Date.

From and after the Date of Taxability following a Determination of Taxability, the interest rate on the Bonds shall increase to the Taxable Rate.

Each Bond shall bear interest from the Interest Payment Date next preceding the date of registration and authentication thereof unless (i) it is registered and authenticated as of an Interest Payment Date, in which event it shall bear interest from such date, or (ii) it is registered and authenticated prior to an Interest Payment Date and after the close of business on the fifteenth day of the month preceding such Interest Payment Date, in which event it shall bear interest from such Interest Payment Date, or (iii) it is registered and authenticated prior to January 15, 2022, in which event it shall bear interest from the date described in paragraph (b) of this Section 2.02; *provided, however*, that if at the time of authentication of a Bond, interest is in default thereon, such Bond shall bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment thereon.

Interest on the Bonds shall be calculated on the basis of a 360-day year comprised of twelve 30-day months.

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

(e) *Payment.* The Paying Agent shall pay principal of and interest on the Bonds when due by wire transfer in immediately available funds to the Owner in accordance with wire transfer instructions as shall be filed by the Owner with the Paying Agent from time to time and payments of principal on the Bonds shall be made without the requirement for presentation and surrender of the Bonds by the Owner.

Section 2.03. Redemption.

(a) *Optional Redemption.* The Bonds are subject to optional redemption on the dates and at the redemption prices set forth in the Bond Purchase Agreement. The District shall be required to give the Paying Agent written notice of its intention to redeem Bonds.

(b) *Mandatory Sinking Fund Redemption.* The Bonds shall be subject to mandatory sinking fund redemption on August 1 in each year, in the years and in the amounts specified in the Bond Purchase Agreement. If some but not all of the Bonds shall be redeemed pursuant to the preceding subsection (a) of this Section 2.03, the aggregate principal amount of the Bonds to be redeemed in each year pursuant to this subsection (b) shall be reduced on a *pro rata* basis in integral multiples of \$5,000, as shall be designated pursuant to written notice filed by the District with the Paying Agent.

(c) *Notice of Redemption.* The Paying Agent on behalf and at the expense of the District shall mail (by first class mail) notice of any redemption to: (i) the respective Owners of any Bonds designated for redemption, at least thirty (30) but not more than sixty (60) calendar days prior to the redemption date, at their respective addresses appearing on the Bond Register, and (ii) the Securities Depositories and to one or more Information Services, at least thirty (30) but not more than sixty (60) calendar days prior to the redemption; *provided, however,* that neither failure to receive any such notice so mailed nor any defect therein shall affect the validity of the proceedings for the redemption of such Bonds or the cessation of the accrual of interest thereon. Such notice shall state the date of the notice, the redemption date, the redemption place and the redemption price, and shall require that such Bonds be then surrendered at the Principal Office for redemption at the redemption price, giving notice also that further interest on such Bonds will not accrue from and after the redemption date.

Notwithstanding the foregoing, in the case of any optional redemption of the Bonds, the notice of redemption shall state that the redemption is conditioned upon receipt by the Paying Agent of sufficient moneys to redeem the Bonds on the scheduled redemption date, and that the optional redemption shall not occur if, by no later than the scheduled redemption date, sufficient

moneys to redeem the Bonds have not been deposited with the Paying Agent. In the event that the Paying Agent does not receive sufficient funds by the scheduled optional redemption date to so redeem the Bonds to be optionally redeemed, the Paying Agent shall send written notice to the Owners, to the Securities Depositories and to one or more of the Information Services to the effect that the redemption did not occur as anticipated, and the Bonds for which notice of optional redemption was given shall remain Outstanding for all purposes.

(d) *Selection of Bonds for Redemption.* Whenever provision is made for the redemption of Bonds of more than one maturity, the Bonds to be redeemed shall be selected by the District evidenced by a Written Request of the District filed with the Paying Agent or, absent such selection by the District, on a *pro rata* basis among the maturities subject to redemption; and in each case, the Paying Agent shall select the Bonds to be redeemed within any maturity by lot in any manner which the Paying Agent in its sole discretion shall deem appropriate and fair. For purposes of such selection, all Bonds shall be deemed to be comprised of separate \$5,000 portions and such portions shall be treated as separate Bonds which may be separately redeemed.

(e) *Partial Redemption of Bonds.* In the event only a portion of any Bond is called for redemption, then upon surrender of such Bond the District shall execute and the Paying Agent shall authenticate and deliver to the Owner thereof, at the expense of the District, a new Bond or Bonds of the same maturity date, of authorized denominations in aggregate principal amount equal to the unredeemed portion of the Bond to be redeemed. Bonds need not be presented for mandatory sinking fund redemptions.

(f) *Effect of Redemption.* From and after the date fixed for redemption, if funds available for the payment of the principal of and interest (and premium, if any) on the Bonds so called for redemption shall have been duly provided, such Bonds so called shall cease to be entitled to any benefit under this Resolution other than the right to receive payment of the redemption price, and no interest shall accrue thereon from and after the redemption date specified in such notice. All Bonds redeemed pursuant to this Section 2.03 shall be canceled and shall be destroyed by the Paying Agent.

Section 2.04. Form of Bonds. The Bonds, the form of the Paying Agent's certificate of authentication and registration and the form of assignment to appear thereon shall be substantially in the forms, with necessary or appropriate variations, omissions and insertions, as permitted or required by this Resolution, as are set forth in Exhibit A attached hereto.

Section 2.05. Execution of Bonds. The Bonds shall be executed on behalf of the District by the manual or facsimile signatures of a District Representative and attested by the Secretary or Assistant Secretary of the Board who is in office on the date of adoption of this Resolution or at any time thereafter. If any officer whose signature appears on any Bond ceases to be such officer before delivery of the Bonds, such signature shall nevertheless be as effective as if the officer had remained in office until the delivery of the Bonds. Any Bond may be signed and attested on behalf of the District by such persons as at the actual date of the execution of such Bond shall be the

proper officers of the District although at the nominal date of such Bond any such person shall not have been such officer of the District.

Only such Bonds as shall bear thereon a certificate of authentication and registration in the form set forth in Exhibit A attached hereto, executed and dated by the Paying Agent, shall be valid or obligatory for any purpose or entitled to the benefits of this Resolution, and such certificate of the Paying Agent shall be conclusive evidence that the Bonds so registered have been duly authenticated, registered and delivered hereunder and are entitled to the benefits of this Resolution.

Section 2.06. Transfer of Bonds.

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

The Trustee may refuse to transfer, under the provisions of this Section 2.06, either (a) any Bonds during the period fifteen (15) calendar days prior to the date established by the Trustee for the selection of Bonds for redemption, or (b) any Bonds selected by the Trustee for redemption.

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

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

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

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

(iv) an affiliate of the Original Purchaser,

in each case (other than to an affiliate of the Original Purchaser) that executes and delivers to the Trustee a letter in substantially the form attached hereto as Exhibit B.

Section 2.07. Exchange of Bonds. Bonds may be exchanged at the Principal Office for a like aggregate principal amount of Bonds of authorized denominations and of the same maturity. The Paying Agent shall require the payment by the Owner requesting such exchange of any tax or other governmental charge required to be paid with respect to such exchange.

No exchanges of Bonds shall be required to be made (a) fifteen calendar days prior to the date established by the Paying Agent for selection of Bonds for redemption or (b) with respect to a Bond after such Bond has been selected for redemption.

Section 2.08. Bond Register. The Paying Agent shall keep or cause to be kept sufficient books for the registration and transfer of the Bonds, which shall at all times be open to inspection by the District upon reasonable notice; and, upon presentation for such purpose, the Paying Agent shall, under such reasonable regulations as it may prescribe, register or transfer or cause to be registered or transferred, on said books, Bonds as herein before provided.

Section 2.09. Temporary Bonds. The Bonds may be initially issued in temporary form exchangeable for definitive Bonds when ready for delivery. The temporary Bonds may be printed, lithographed or typewritten, shall be of such denominations as may be determined by the District, and may contain such reference to any of the provisions of this Resolution as may be appropriate. Every temporary Bond shall be executed by the District upon the same conditions and in substantially the same manner as the definitive Bonds. If the District issues temporary Bonds it will execute and furnish definitive Bonds without delay, and thereupon the temporary Bonds may be surrendered, for cancellation, in exchange therefor at the Principal Office and the Paying Agent shall deliver in exchange for such temporary Bonds an equal aggregate principal amount of definitive Bonds of authorized denominations. Until so exchanged, the temporary Bonds shall be entitled to the same benefits pursuant to this Resolution as definitive Bonds executed and delivered hereunder.

Section 2.10. Bonds Mutilated, Lost, Destroyed or Stolen. If any Bond shall become mutilated the District, at the expense of the Owner of said Bond, shall execute, and the Paying Agent shall thereupon authenticate and deliver, a new Bond of like maturity and principal amount in exchange and substitution for the Bond so mutilated, but only upon surrender to the Paying Agent of the Bond so mutilated. Every mutilated Bond so surrendered to the Paying Agent shall be canceled by it and delivered to, or upon the order of, the District. If any Bond shall be lost, destroyed or stolen, evidence of such loss, destruction or theft may be submitted to the District and, if such evidence be satisfactory to the District and indemnity satisfactory to it shall be given, the District, at the expense of the Owner, shall execute, and the Paying Agent shall thereupon authenticate and deliver, a new Bond of like maturity and principal amount in lieu of and in substitution for the Bond so lost, destroyed or stolen. The District may require payment of a sum not exceeding the actual cost of preparing each new Bond issued under this Section and of the expenses which may be incurred by the District and the Paying Agent in the premises. Any Bond issued under the provisions of this Section 2.10 in lieu of any Bond alleged to be lost, destroyed or stolen shall constitute an original additional contractual obligation on the part of the District

whether or not the Bond so alleged to be lost, destroyed or stolen be at any time enforceable by anyone, and shall be equally and proportionately entitled to the benefits of this Resolution with all other Bonds issued pursuant to this Resolution.

ARTICLE III

ISSUE OF BONDS; APPLICATION OF BOND PROCEEDS; SECURITY FOR THE BONDS

Section 3.01. Issuance, Award and Delivery of Bonds. At any time after the execution of this Resolution the District may issue and deliver Bonds in any principal amount, subject to the authorization provisions set forth in Section 2.01 and the savings requirements set forth in Section 4.01.

The District Representatives shall be, and are hereby, directed to cause the Bonds to be printed, signed and delivered to the Original Purchaser, on receipt of the purchase price therefor and upon performance of the conditions contained in the Bond Purchase Agreement.

The Paying Agent is hereby authorized to deliver the Bonds to the Original Purchaser, upon receipt of a Written Request of the District.

Section 3.02. Establishment of Costs of Issuance Fund. There is hereby created the "Sonoma Valley Health Care District (Sonoma County, California) 2021 General Obligation Refunding Bonds, Costs of Issuance Fund" (the "Costs of Issuance Fund"), which shall be held and maintained by the Paying Agent as a separate fund, distinct from all other funds thereof. Amounts on deposit in the Costs of Issuance Fund shall be disbursed for the purpose of paying all Costs of Issuance. Payment of the Costs of Issuance shall be made only upon the receipt by the Paying Agent, as costs of issuance custodian under the Paying Agent Agreement, of a written request of the District. Moneys on deposit in the Costs of Issuance Fund shall be invested in money market mutual funds which are rated by Moody's Investors Service or S&P Global Ratings in one of its two highest rating categories, including funds for which the Paying Agent, its affiliates or subsidiaries provide investment, advisory or other management or administrative services. Interest and earnings derived from the investment of amounts on deposit in the Costs of Issuance Fund shall be retained therein until the Costs of Issuance Fund is closed. On the date three months after the Closing Date, or upon prior written direction from the District, all amounts remaining on deposit in the Costs of Issuance Fund shall be withdrawn therefrom to pay Debt Service on the Bonds by the Paying Agent and the Costs of Issuance Fund shall be closed.

Section 3.03. Application of Proceeds of Sale of Bonds. On the Closing Date, the proceeds from the sale of the Bonds shall be paid by the Original Purchaser, as follows:

(a) to the Paying Agent for deposit in the Costs of Issuance Fund the amount required to pay the Costs of Issuance (as shall be designated by the District on or prior to the Closing Date); and

(b) to the Escrow Bank, the amount required for the defeasance of the 2010 Bonds.

Section 3.04. Security for the Bonds. There shall be levied by the County on all the taxable property in the District, in addition to all other taxes, a continuing direct and *ad valorem* tax annually during the period the Bonds are outstanding in an amount sufficient to pay the principal of and interest on the Bonds when due, which moneys when collected will be transferred by the County to the Paying Agent and placed in the Interest and Sinking Fund of the Paying Agent, which fund is irrevocably pledged for the payment of the principal of and interest on the Bonds when and as the same fall due. The Bonds shall be secured by a sole and exclusive statutory lien on and irrevocable pledge of the *ad valorem* tax or taxes levied for their repayment. The moneys in the Interest and Sinking Fund heretofore established and maintained by the County for the District, to the extent necessary to pay the principal of and interest on the Bonds as the same become due and payable, shall be transferred by the County to the Paying Agent, as paying agent for the Bonds, as necessary to pay the principal of and interest on the Bonds. The property taxes and amounts held in the Interest and Sinking Fund of the Paying Agent shall immediately be subject to this pledge, and the pledge shall constitute a lien and security interest which shall be effective, binding, and enforceable against the District, its successors, creditors and all others irrespective of whether those parties have notice of the pledge and without the need of any physical delivery, recordation, filing, or further act. The pledge is an agreement between the District and the Owners of the Bonds in addition to any statutory lien that exists as indicated below, and the Bonds were issued to refinance one or more projects and not to finance the general purposes of the District.

Additionally, in accordance with section 53515(a) of the California Government Code, the Bonds shall be secured by a statutory lien on all revenues received pursuant to the levy and collection of the tax. The lien shall automatically attach without further action or authorization by the District or the County. The lien shall be valid and binding from the time the Bonds are executed and delivered. The revenues received pursuant to the levy and collection of the tax shall be immediately subject to the lien, and the lien shall automatically attach to the revenues and be effective, binding, and enforceable against the District, its successors, transferees, and creditors, and all others asserting rights therein, irrespective of whether those parties have notice of the lien and without the need for any physical delivery, recordation, filing, or further act.

In addition, in accordance with section 32127 of the California Health and Safety Code, all moneys derived from the District's regular annual operating tax or assessment shall be placed in a maintenance and operation fund (the "Maintenance Fund") and all receipts and revenues of any kind from the operation of the District shall be paid daily into the treasury of the District and placed in the Maintenance Fund. Moneys in the Maintenance Fund may be expended for any of the purposes of the District. Whenever it appears that the sum in the Interest and Sinking Fund will be insufficient to pay the interest or principal of the Bonds next coming due and payable therefrom, a sum sufficient to pay such principal and interest shall be transferred by the Board from the Maintenance Fund to the Interest and Sinking Fund with the Paying Agent.

On or about July 1 of each year, commencing July 1, 2022, the Paying Agent shall estimate the anticipated excess amount that will remain on deposit in the Interest and Sinking Fund after making the principal and interest payment on the Bonds on the next succeeding August 1 so the

District can calculate the required tax rate for the Bonds for transmittal to the County for such fiscal year.

If, after payment in full of the Bonds, there is excess moneys in the Interest and Sinking Fund, such excess amounts shall be returned to the County and credited to District taxpayers in the County.

ARTICLE IV

SALE OF BONDS; APPROVAL OF PAYING AGENT AGREEMENT; APPROVAL OF OFFICIAL STATEMENT; OFFICIAL ACTIONS

Section 4.01. Sale of the Bonds.

(a) *Minimum Savings Required.* A District Representative shall determine, on behalf of the District whether the 2010 Bonds shall be refunded, so long as the refunding of the 2010 Bonds produces at least 5% net present value savings as a percentage of the par amount outstanding of the 2010 Bonds.

(b) The Board hereby authorizes the private placement of the Bonds to the Original Purchaser. A Bond Purchase Agreement, in the form attached hereto as Exhibit C, together with any additions thereto or changes therein deemed necessary or advisable by a District Representative, is hereby approved by the Board. Each District Representative is hereby authorized and directed to execute the Bond Purchase Agreement for and in the name and on behalf of the District. The Board hereby authorizes the delivery and performance of the Bond Purchase Agreement.

Section 4.02. Approval of Paying Agent Agreement. The Paying Agent Agreement, in the form attached hereto as Exhibit D, together with any additions thereto or changes therein deemed necessary or advisable by a District Representative, is hereby approved by the Board. The District Representatives are hereby authorized and directed to execute the Paying Agent Agreement for and in the name and on behalf of the District. The Board hereby authorizes the delivery and performance of the Paying Agent Agreement.

Section 4.03. Approval of Escrow Agreement. The Escrow Agreement, in the form attached hereto as Exhibit E, together with any additions thereto or changes therein deemed necessary or advisable by a District Representative, is hereby approved by the Board. The District Representatives are hereby authorized and directed to execute the Escrow Agreement for and in the name and on behalf of the District. The Board hereby authorizes the delivery and performance of the Escrow Agreement.

Section 4.04. Requirements of Section 5852.1 of the California Government Code. 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 Bonds is set forth in Exhibit F attached to this Resolution, and such information is hereby disclosed and made public.

Section 4.05. Official Action. All actions heretofore taken by the officers and agents of the District with respect to the sale and issuance of the Bonds are hereby approved, and the District Representatives, and any and all other officers of the District are hereby authorized and directed for and in the name and on behalf of the District, to do any and all things and take any and all

actions relating to the execution and delivery of any and all certificates, requisitions, agreements and other documents, which they, or any of them, may deem necessary or advisable in order to consummate the lawful issuance and delivery of the Bonds in accordance with this Resolution.

ARTICLE V

COVENANTS OF THE DISTRICT

Section 5.01. Punctual Payment. The District will punctually pay, or cause to be paid, the principal of and interest on the Bonds, in strict conformity with the terms of the Bonds and of this Resolution, and it will faithfully observe and perform all of the conditions, covenants and requirements of this Resolution and of the Bonds. Nothing herein contained shall prevent the District from making advances of its own moneys, howsoever derived, to any of the uses or purposes permitted by law.

Section 5.02. Extension of Time for Payment. In order to prevent any accumulation of claims for interest after maturity, the District will not, directly or indirectly, extend or consent to the extension of the time for the payment of any claim for interest on any of the Bonds and will not, directly or indirectly, approve any such arrangement by purchasing or funding said claims for interest or in any other manner. In case any such claim for interest shall be extended or funded, whether or not with the consent of the District, such claim for interest so extended or funded shall not be entitled, in case of default hereunder, to the benefits of this Resolution, except subject to the prior payment in full of the principal of all of the Bonds then Outstanding and of all claims for interest which shall not have so extended or funded.

Section 5.03. Protection of Security and Rights of Bondowners. The District will preserve and protect the security of the Bonds and the rights of the Bondowners, and will warrant and defend their rights against all claims and demands of all persons. From and after the sale and delivery of any of the Bonds by the District, the Bonds shall be incontestable by the District. The District will do whatever is in its knowledge and power to assure that the Bonds shall be secured by a sole and exclusive statutory lien on and irrevocable pledge of the *ad valorem* tax or taxes levied for their repayment.

Section 5.04. 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 Resolution, and for the better assuring and confirming unto the Owners of the Bonds of the rights and benefits provided in this Resolution.

Section 5.05. Tax Covenants.

(a) *Private Activity Bond Limitation*. The District shall assure that the proceeds of the Bonds are not so used as to cause the Bonds 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.

(b) *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 Bonds to be “federally guaranteed” within the meaning of section 149(b) of the Code.

(c) *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 Bonds.

(d) *No Arbitrage.* The District shall not take, or permit or suffer to be taken, any action with respect to the proceeds of the Bonds 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 Bonds would have caused the Bonds to be “arbitrage bonds” within the meaning of section 148 of the Code.

(e) *Maintenance of Tax-Exemption.* The District shall take all actions necessary to assure the exclusion of interest on the Bonds from the gross income of the Owners of the Bonds 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 Bonds.

Section 5.06. Acquisition, Disposition and Valuation of Investments.

(a) Except as otherwise provided in subsection (b) of this Section 5.06, the District covenants that all investments of amounts deposited in any fund or account created by or pursuant to this Resolution, or otherwise containing gross proceeds of the Bonds (within the meaning of section 148 of the Code) shall be acquired, disposed of, and valued (as of the date that valuation is required by this Resolution or the Code) at Fair Market Value.

(b) Investments in funds or accounts (or portions thereof) that are subject to a yield restriction under applicable provisions of the Code shall be valued at their present value (within the meaning of section 148 of the Code).

Section 5.07. Other Covenants.

(a) *Reporting Requirements.* The District hereby covenants and agrees that it will provide to the Owner:

(i) the audited financial statements of the District, free of significant deficiencies or material weaknesses within nine months after the end of each fiscal year, with a standard opinion provided by an Independent Accountant in accordance with Generally Accepted Accounting Principles including required supplemental information;

(ii) the District’s annual budget within 30 days of adoption or amendment thereof;
and

(iii) immediately upon the District's knowledge thereof, notices of (A) any default on any debt obligation, (B) Material Litigation, (C) material governmental proceedings, or (D) Material Adverse Effect.

(b) *Event of Default.* The District shall immediately notify the Paying Agent and the Owner by telephone, promptly confirmed in writing, of any event, action or failure to take any action which constitutes an event of default under any obligation, together with a detailed statement by an authorized representative of the District of the steps being taken by the District to cure the effect of such event of default.

ARTICLE VI

THE PAYING AGENT

Section 6.01. Appointment of Paying Agent. The Bank of New York Mellon Trust Company, N.A. is hereby appointed Paying Agent for the Bonds. The Paying Agent undertakes to perform such duties, and only such duties, as are specifically set forth in this Resolution, and, even during the continuance of an Event of Default, no implied covenants or obligations shall be read into this Resolution against the Paying Agent. The Paying Agent shall signify its acceptance of the duties and obligations imposed upon it by this Resolution by executing and delivering to the District a certificate to that effect.

The District may remove the Paying Agent initially appointed, and any successor thereto, and may appoint a successor or successors thereto, but any such successor shall be a bank or trust company doing business in the State of California, having a combined capital (exclusive of borrowed 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 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 purposes of this Section 6.01 the combined capital and surplus of such bank or trust company shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published.

The Paying Agent may at any time resign by giving written notice to the District and the Bondowners of such resignation. Upon receiving notice of such resignation, the District shall promptly appoint a successor Paying Agent by an instrument in writing. Any resignation or removal of the Paying Agent and appointment of a successor Paying Agent shall become effective upon acceptance of appointment by the successor Paying Agent.

Section 6.02. Paying Agent May Hold Bonds. The Paying Agent may become the owner of any of the Bonds in its own or any other capacity with the same rights it would have if it were not Paying Agent.

Section 6.03. Liability of Agents. The recitals of facts, covenants and agreements herein and in the Bonds contained shall be taken as statements, covenants and agreements of the District, and the Paying Agent assumes no responsibility for the correctness of the same, nor makes any representations as to the validity or sufficiency of this Resolution or of the Bonds, nor shall incur any responsibility in respect thereof, other than as set forth in this Resolution. The Paying Agent shall not be liable in connection with the performance of its duties hereunder, except for its own negligence or willful default.

In the absence of bad faith, the Paying Agent may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Paying Agent and conforming to the requirements of this Resolution; but in the

case of any such certificates or opinions by which any provision hereof are specifically required to be furnished to the Paying Agent, the Paying Agent shall be under a duty to examine the same to determine whether or not they conform to the requirements of this Resolution.

The Paying Agent shall not be liable for any error of judgment made in good faith by a responsible officer unless it shall be proved that the Paying Agent was negligent in ascertaining the pertinent facts.

No provision of this Resolution shall require the Paying Agent to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers, if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it.

The Paying Agent may execute any of the powers hereunder or perform any duties hereunder either directly or by or through agents or attorneys and the Paying Agent shall not be responsible for any misconduct or negligence on the part of any agent or attorney appointed with due care by it hereunder.

Section 6.04. Notice to Agents. The Paying Agent may rely and shall be protected in acting or refraining from acting upon any notice, resolution, request, consent, order, certificate, report, warrant, bond or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or proper parties. The Paying Agent may consult with counsel, who may be of counsel 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 accordance therewith.

Whenever in the administration of its duties under this Resolution the Paying Agent 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, in the absence of bad faith on the part of the Paying Agent, be deemed to be conclusively proved and established by a certificate of the District, and such certificate shall be full warrant to the Paying Agent for any action taken or suffered under the provisions of this Resolution upon the faith thereof, but in its discretion the Paying Agent may, in lieu thereof, accept other evidence of such matter or may require such additional evidence as to it may seem reasonable.

Section 6.05. Compensation, Indemnification.

(a) The District shall pay to the Paying Agent from time to time reasonable compensation for all services rendered under this Resolution, and also all reasonable expenses, charges, counsel fees and other disbursements, including those of their attorneys, agents and employees, incurred in and about the performance of their powers and duties under this Resolution. Any District Representative is hereby authorized to execute an agreement or agreements with the Paying

Agent in connection with such fees and expenses. The District further agrees, to the extent permitted by law, to indemnify and save the Paying Agent harmless against any liabilities which it may incur in the exercise and performance of its powers and duties hereunder which are not due to its negligence or bad faith.

(b) The District shall indemnify and hold harmless, to the extent permitted by law, the County and its officers and employees ("Indemnified Parties"), against any and all losses, claims, damages or liabilities, joint or several, to which such Indemnified Parties may become subject related to the proceedings for sale, award, issuance and delivery of the Bonds in accordance therewith and herewith. The District shall also reimburse any such Indemnified Parties for any legal or other expenses incurred in connection with investigating or defending any such claims or actions.

ARTICLE VII

EVENTS OF DEFAULT AND REMEDIES OF BONDOWNERS

Section 7.01. Events of Default. The following events ("Events of Default") shall be events of default hereunder:

(a) if default shall be made in the due and punctual payment of the principal of any Bond when and as the same shall become due and payable, whether at maturity as therein expressed, by declaration or otherwise;

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

(c) if default shall be made by the District in the observance of any of the covenants, agreements or conditions on its part in this Resolution or in the Bonds contained, and such default shall have continued for a period of thirty (30) calendar days after written notice thereof to the District; or

(d) if the District shall file a petition seeking reorganization or arrangement under the federal bankruptcy laws or any other applicable law of the United States of America, or if a court of competent jurisdiction shall approve a petition, seeking reorganization of the District under the federal bankruptcy laws or any other applicable law of the United States of America, or 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 or of the whole or any substantial part of its property.

Section 7.02. Remedies of Bondowners. Any Bondowner shall have the right, for the equal benefit and protection of all Bondowners similarly situated:

(a) by mandamus, suit, action or proceeding, to compel the District and its members, officers, agents or employees to perform each and every term, provision and covenant contained in this Resolution and in the Bonds, and to require the carrying out of any or all such covenants and agreements of the District and the fulfillment of all duties imposed upon it;

(b) by suit, action or proceeding in equity, to enjoin any acts or things which are unlawful, or the violation of any of the Bondowners' rights; or

(c) upon the happening of any Event of Default, by suit, action or proceeding in any court of competent jurisdiction, to require the District and its members and employees to account as if it and they were the Directors of an express trust.

Section 7.03. Non-Waiver. Nothing in this Article VII or in any other provision of this Resolution, or in the Bonds, shall affect or impair the obligation of the District, which is absolute and unconditional, to pay the principal of and interest on the Bonds to the respective Owners of the Bonds at the respective dates of maturity, as herein provided, or affect or impair the right of action, which is also absolute and unconditional, of such Owners to institute suit to enforce such payment by virtue of the contract embodied in the Bonds.

A waiver of any default by any Bondowner shall not affect any subsequent default or impair any rights or remedies on the subsequent default. No delay or omission of any Owner of any of the Bonds to exercise any right or power accruing upon 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 conferred upon the Bondowners by this Article VII may be enforced and exercised from time to time and as often as shall be deemed expedient by the Owners of the Bonds.

If a suit, action or proceeding to enforce any right or exercise any remedy be abandoned or determined adversely to the Bondowners, the District and the Bondowners shall be restored to their former positions, rights and remedies as if such suit, action or proceeding had not been brought or taken.

Section 7.04. Remedies Not Exclusive. No remedy herein conferred upon the Owners of Bonds shall be exclusive of any other remedy and that each and every remedy shall be cumulative and shall be in addition to every other remedy given hereunder or thereafter conferred on the Bondowners.

ARTICLE VIII

SUPPLEMENTAL RESOLUTIONS

Section 8.01. Supplemental Resolutions Effective Without Consent of the Owners. For any one or more of the following purposes and at any time or from time to time, a Supplemental Resolution of the District may be adopted, which, without the requirement of consent of the Owners of the Bonds, shall be fully effective in accordance with its terms:

(a) to add to the covenants and agreements of the District in this Resolution, other covenants and agreements to be observed by the District which are not contrary to or inconsistent with this Resolution as theretofore in effect;

(b) to add to the limitations and restrictions in this Resolution, other limitations and restrictions to be observed by the District which are not contrary to or inconsistent with this Resolution as theretofore in effect;

(c) to confirm, as further assurance, any pledge under, and the subjection to any lien or pledge created or to be created by, this Resolution, of any moneys, securities or funds, or to establish any additional funds or accounts to be held under this Resolution;

(d) to cure any ambiguity, supply and omission, or cure or correct any defect or inconsistent provision in this Resolution; or

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

Section 8.02. Supplemental Resolutions Effective With Consent to the Owners. Any modification or amendment of this Resolution and of the rights and obligations of the District and of the Owners of the Bonds, in any particular, may be made by a Supplemental Resolution, with the written consent of the Owners of at least two-thirds in aggregate principal amount of the Bonds Outstanding at the time such consent is given. No such modification or amendment shall permit a change in the terms of maturity of the principal of any Outstanding Bonds or of any interest payable thereon or a reduction in the principal amount thereof or in the rate of interest thereon, or shall reduce the percentage of Bonds the consent of the Owners of which is required to effect any such modification or amendment, or shall change any of the provisions in Section 7.01 hereof relating to Events of Default, or shall reduce the amount of moneys pledged for the repayment of the Bonds without the consent of all the Owners of such Bonds, or shall change or modify any of the rights or obligations of any Paying Agent without its written assent thereto.

ARTICLE IX

MISCELLANEOUS

Section 9.01. Benefits of Resolution Limited to Parties. Nothing in this Resolution, expressed or implied, is intended to give to any person other than the District, the Paying Agent and the Owners of the Bonds, any right, remedy, claim under or by reason of this Resolution. Any covenants, stipulations, promises or agreements in this Resolution contained by and on behalf of the District shall be for the sole and exclusive benefit of the Owners of the Bonds.

Section 9.02. Defeasance.

(a) *Discharge of Resolution.* Bonds 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:

(i) by paying or causing to be paid the principal or redemption price of and interest on Bonds Outstanding, as and when the same become due and payable;

(ii) by depositing, in trust, at or before maturity, money or securities in the necessary amount (as provided in Section 9.02(c)) to pay or redeem Bonds Outstanding;
or

(iii) by delivering to the Paying Agent, for cancellation by it, Bonds Outstanding.

If the District shall pay all Bonds Outstanding 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 a District Representative, filed with the Paying Agent, signifying the intention of the District to discharge all such indebtedness and this Resolution), and notwithstanding that any Bonds shall not have been surrendered for payment, this Resolution and other assets made under this Resolution and all covenants, agreements and other obligations of the District under this Resolution shall cease, terminate, become void and be completely discharged and satisfied, except only as provided in Section 9.02(b). In such event, upon request of the District, the Paying Agent 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 to evidence such discharge and satisfaction, and the Paying Agent shall pay over, transfer, assign or deliver to the District all moneys or securities or other property held by it pursuant to this Resolution which are not required for the payment or redemption of Bonds not theretofore surrendered for such payment or redemption.

(b) *Discharge of Liability on Bonds.* Upon the deposit, in trust, at or before maturity, of money or securities in the necessary amount (as provided in Section 9.02(c)) to pay or redeem any

Outstanding Bond (whether upon or prior to its maturity or the redemption date of such Bond), provided that, if such Bond is to be redeemed prior to maturity, notice of such redemption shall have been given as in Section 2.03 provided or provision satisfactory to the Paying Agent shall have been made for the giving of such notice, then all liability of the District in respect of such Bond shall cease and be completely discharged, except only that thereafter the Owner thereof shall be entitled only to payment of the principal of and interest on such Bond by the District, and the District shall remain liable for such payment, but only out of such money or securities deposited with the Paying Agent as aforesaid for such payment, provided further, however, that the provisions of Section 9.02(d) shall apply in all events.

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

(c) *Deposit of Money or Securities with Paying Agent.* Whenever in this Resolution it is provided or permitted that there be deposited with or held in trust by the Paying Agent money or securities in the necessary amount to pay or redeem any Bonds, the money or securities so to be deposited or held may include money or securities held by the Paying Agent in the funds and accounts established pursuant to this Resolution and shall be:

(i) lawful money of the United States of America in an amount equal to the principal amount of such Bonds and all unpaid interest thereon to maturity, except that, in the case of Bonds which are to be redeemed prior to maturity and in respect of which notice of such redemption shall have been given as in Section 2.03 provided or provision satisfactory to the Paying Agent 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 Bonds and all unpaid interest thereon to the redemption date; or

(ii) Federal Securities (not callable by the issuer thereof prior to maturity) the principal of and interest on which when due, in the opinion of a certified public accountant delivered to the District, will provide money sufficient 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 Bonds to be paid or redeemed, as such principal or redemption price and interest become due, provided that, in the case of Bonds which are to be redeemed prior to the maturity thereof, notice of such redemption shall have been given as in Section 2.03 provided or provision satisfactory to the Paying Agent shall have been made for the giving of such notice;

provided, in each case, that the Paying Agent shall have been irrevocably instructed (by the terms of this Resolution 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 Bonds.

(d) *Payment of Bonds After Discharge of Resolution.* Notwithstanding any provisions of this Resolution, any moneys held by the Paying Agent in trust for the payment of the principal or

redemption price of, or interest on, any Bonds and remaining unclaimed for one year after the principal of all of the Bonds has become due and payable (whether at maturity or upon call for redemption or by acceleration as provided in this Resolution), if such moneys were so held at such date, or one year after the date of deposit of such moneys if deposited after said date when all of the Bonds became due and payable, shall, upon request of the District, be repaid to the District free from the trusts created by this Resolution, and all liability of the Paying Agent with respect to such moneys shall thereupon cease; *provided, however,* that before the repayment of such moneys to the District as aforesaid, the Paying Agent may (at the cost of the District) first mail to the Owners of all Bonds which have not been paid at the addresses shown on the registration books maintained by the Paying Agent a notice in such form as may be deemed appropriate by the Paying Agent, with respect to the Bonds 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.

Section 9.03. Execution of Documents and Proof of Ownership by Bondowners. Any request, declaration or other instrument which this Resolution may require or permit to be executed by Bondowners may be in one or more instruments of similar tenor, and shall be executed by Bondowners in person or by their attorneys appointed in writing.

Except as otherwise herein expressly provided, the fact and date of the execution by any Bondowner or his attorney of such request, declaration or other instrument, or of such writing appointing such attorney, may be proved by the certificate of any notary public or other officer authorized to take acknowledgments of deeds to be recorded in the state in which he purports to act, that the person signing such request, declaration or other instrument or writing 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.

Except as otherwise herein expressly provided, the ownership of registered Bonds and the amount, maturity, number and date of holding the same shall be proved by the registry books.

Any request, declaration or other instrument or writing of the Owner of any Bond shall bind all future Owners of such Bond in respect of anything done or suffered to be done by the District or the Paying Agent in good faith and in accordance therewith.

Section 9.04. Waiver of Personal Liability. No Board member, officer, agent or employee of the District shall be individually or personally liable for the payment of the principal of or interest on the Bonds; but nothing herein contained shall relieve any such Board member, officer, agent or employee from the performance of any official duty provided by law.

Section 9.05. Destruction of Canceled Bonds. Whenever in this Resolution provision is made for the surrender to the District of any Bonds which have been paid or canceled pursuant to the provisions of this Resolution, a certificate of destruction duly executed by the Paying Agent shall be deemed to be the equivalent of the surrender of such canceled Bonds and the District

shall be entitled to rely upon any statement of fact contained in any certificate with respect to the destruction of any such Bonds therein referred to.

Section 9.06. Partial Invalidity. If any Section, paragraph, sentence, clause or phrase of this Resolution shall for any reason be held illegal or unenforceable, such holding shall not affect the validity of the remaining portions of this Resolution. The District hereby declares that it would have adopted this Resolution and each and every other Section, paragraph, sentence, clause or phrase hereof and authorized the issue of the Bonds pursuant thereto irrespective of the fact that any one or more Sections, paragraphs, sentences, clauses, or phrases of this Resolution may be held illegal, invalid or unenforceable. If, by reason of the judgment of any court, the District is rendered unable to perform its duties hereunder, all such duties and all of the rights and powers of the District hereunder shall be assumed by and vest in the District in trust for the benefit of the Bondowners.

Section 9.07. Effective Date of Resolution. This Resolution shall take effect from and after the date of its passage and adoption.

* * * * *

PASSED AND ADOPTED at the meeting of the Sonoma Valley Health Care District Board of Directors held on the 27th day of July, 2021, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Chair, Board of Directors
Sonoma Valley Health Care District

ATTEST:

Secretary, Board of Directors
Sonoma Valley Health Care District

EXHIBIT A

FORM OF BOND

THE HOLDER OF THIS BOND, BY ITS ACCEPTANCE HEREOF, AGREES THAT NO TRANSFER OF THE BONDS SHALL BE MADE EXCEPT TO (A) A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A PROMULGATED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, (B) SUBJECT TO THE REQUIREMENTS OF THE SECURITIES ACT OF 1933, AS AMENDED, AN ACCREDITED INVESTOR AS DEFINED IN SECTION 501(A)(1), (2), (3) OR (7) OF REGULATION D PROMULGATED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, (C) A TRUST, PARTNERSHIP, CUSTODIAL ARRANGEMENT OR SIMILAR ENTITY, INTERESTS IN WHICH ARE OFFERED AND SOLD IN A PRIVATE PLACEMENT OR LIMITED OFFERING ONLY TO QUALIFIED INSTITUTIONAL BUYERS OR, SUBJECT TO THE REQUIREMENTS OF THE SECURITIES ACT OF 1933, AS AMENDED, ACCREDITED INVESTORS; OR (D) AN AFFILIATE OF THE ORIGINAL PURCHASER (AS DEFINED IN THE HEREINAFTER DEFINED RESOLUTION), IN EACH CASE THAT EXECUTES AND DELIVERS AN INVESTOR LETTER IN SUBSTANTIALLY THE FORM ATTACHED AS EXHIBIT B TO THE RESOLUTION

**United States of America
State of California
Sonoma County**

**SONOMA VALLEY HEALTH CARE DISTRICT
2021 General Obligation Refunding Bond**

INTEREST RATE:	MATURITY DATE:	ISSUE DATE:
_____ %*	August 1, ____	August 5, 2021

REGISTERED OWNER: _____

PRINCIPAL SUM: _____ DOLLARS

The SONOMA VALLEY HEALTH CARE DISTRICT, a local health care district duly organized and existing under and by virtue of the Constitution and laws of the State of California (the "District"), for value received hereby promises to pay to the Registered Owner stated above, or registered assigns (the "Owner"), on the Maturity Date stated above (subject to any right of prior redemption hereinafter provided for), 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 interest payment date next preceding the date of authentication of this Bond (unless (i) this Bond is authenticated on an interest payment date, in which event it shall bear interest from such date of authentication, or (ii) this Bond is authenticated prior to an interest payment date and after the close of business on the fifteenth day of the month preceding such interest payment date, in which event it shall bear interest from such interest payment date, or (iii) this Bond is authenticated on or prior to January _____

*If the Taxable Rate (as such term is defined in the Resolution) is in effect, interest will be computed by applying such alternate rate.

15, 2022, in which event it shall bear interest from the Issue Date stated above; provided however, that if at the time of authentication of this Bond, interest is in default on this Bond, this Bond shall bear interest from the interest payment date to which interest has previously been paid or made available for payment on this Bond) until payment of such Principal Sum in full, at the rate per annum stated above, payable on February 1 and August 1 in each year, commencing February 1, 2022, calculated on the basis of 360-day year comprised of twelve 30-day months. Principal hereof and premium, if any, upon early redemption hereof are payable at the corporate trust office of The Bank of New York Mellon Trust Company, N.A. (the "Paying Agent"), in Dallas, Texas. Interest hereon (including the final interest payment upon maturity or earlier redemption) is payable by check or draft of the Paying Agent mailed by first-class mail to the Owner at the Owner's address as it appears on the Bond register maintained by the Paying Agent as of the close of business on the fifteenth day of the month next preceding such interest payment date (the "Record Date"), or at such other address as the Owner may have filed with the Paying Agent for that purpose; provided however, that payment of interest may be by wire transfer in immediately available funds to an account in the United States of America to any Owner of Bonds in the aggregate principal amount of \$1,000,000 or more who shall furnish written wire instructions to the Paying Agent at least five (5) calendar days before the applicable Record Date.

This Bond is one of a duly authorized issue of bonds of the District designated as "Sonoma Valley Health Care District (Sonoma County, California) 2021 General Obligation Refunding Bonds" (the "Bonds"), in an aggregate principal amount of _____ dollars (\$_____), all of like tenor and date (except for such variation, if any, as may be required to designate varying numbers and other provisions) and all issued pursuant to the provisions of Chapter 4 (commencing with section 53550) of Article 9 of Chapter 3 of Division 2 of Title 5 of the California Government Code (the "Act"), and pursuant to Resolution No. ___ of the District adopted July 27, 2021 (the "Resolution"), authorizing the issuance of the Bonds. Reference is hereby made to the Resolution (copies of which are on file at the office of the Secretary of the Board of Directors of the District) and the Act for a description of the terms on which the Bonds are issued and the rights thereunder of the owners of the Bonds and the rights, duties and immunities of the Paying Agent and the rights and obligations of the District thereunder, to all of the provisions of which Resolution the Owner of this Bond, by acceptance hereof, assents and agrees.

The Bonds have been issued by the District, to (a) provide for the defeasance and redemption of the outstanding Sonoma Valley Health Care District (Sonoma County, California) General Obligation Bonds Election of 2008, Series B (2010), and (b) pay for costs of issuance of the Bonds.

This Bond and the interest hereon and on all other Bonds and the interest thereon (to the extent set forth in the Resolution) are general obligations of the District and the District has the power and is obligated to cause Sonoma County to levy *ad valorem* taxes for the payment of the Bonds and the interest thereon upon all property within the District subject to taxation by the District. The Bonds shall be secured by a sole and exclusive statutory lien on and irrevocable pledge of the *ad valorem* tax or taxes levied for their repayment.

The Bonds maturing on or before August 1, ____, are non-callable. The Bonds maturing on August 1, ____, or any time thereafter, are callable for redemption prior to their stated maturity date at the option of the District, as a whole, or in part on any date on or after August 1, ____ (in such maturities as are designated by the District, or, if the District fails to designate such maturities, on a proportional basis), from any source lawfully available therefor, at a redemption price equal to the principal amount redeemed, plus accrued interest to date of redemption, without premium.

[If required] The Bonds maturing on August 1, ____, are subject to mandatory sinking fund redemption prior to their stated maturity date, at the principal amount thereof without premium on each August 1, on and after August 1, ____, to and including August 1, ____, in the principal amounts as set forth in the following table:

Date of Sinking Fund Redemption (August 1)	Sinking Fund Installment Amount	Date of Sinking Fund Redemption (August 1)	Sinking Fund Installment Amount
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†Maturity

The Bonds are issuable as fully registered Bonds, without coupons, in denominations of \$5,000 and any integral multiple of \$5,000 thereafter. Subject to the limitations and conditions and upon payment of the charges, if any, as provided in the Resolution, Bonds may be exchanged for a like aggregate principal amount of Bonds of other authorized denominations and of the same maturity.

This Bond is transferable by the Owner hereof, in person or by his attorney duly authorized in writing, at said office of the Paying Agent in Dallas, Texas, but only in the manner and subject to the limitations provided in the Resolution, and upon surrender and cancellation of this Bond. Upon registration of such transfer a new Bond or Bonds, of authorized denomination or denominations, for the same aggregate principal amount and of the same maturity will be issued to the transferee in exchange herefor.

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

The Resolution may be amended without the consent of the Owners of the Bonds to the extent set forth in the Resolution.

It is hereby certified that all of the things, conditions and acts required to exist, to have happened or to have been performed precedent to and in the issuance of this Bond do exist, have happened or have been performed in due and regular time and manner as required by the laws of the State of California, and that the amount of this Bond, together with all other indebtedness of the District, does not exceed any limit

prescribed by any laws of the State of California, and is not in excess of the amount of Bonds permitted to be issued under the Resolution.

This Bond shall not be entitled to any benefit under the Resolution or become valid or obligatory for any purpose until the Certificate of Authentication hereon shall have been signed manually by the Paying Agent.

IN WITNESS WHEREOF, the Sonoma Valley Health Care District has caused this Bond to be executed in its name and on its behalf with the facsimile signatures of the Chair of its Board of Directors and the Secretary or Assistant Secretary of the Board of Directors, all as of the Issue Date stated above.

SONOMA VALLEY HEALTH CARE DISTRICT

By _____
Chair of the Board of Directors

ATTEST:

Secretary of the Board of Directors

CERTIFICATE OF AUTHENTICATION

This is one of the Bonds described in the within-mentioned Resolution.

Authentication Date:

THE BANK OF NEW YORK MELLON TRUST
COMPANY, N.A., as Paying Agent

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 Bond and do(es) hereby irrevocably constitute(s) and appoint(s)

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

Dated: _____

Signature Guaranteed:

Notice: Signature(s) must be guaranteed by a qualified guarantor institution.

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

EXHIBIT B

FORM OF INVESTOR LETTER

Sonoma Valley Health Care District
Sonoma, California

The Bank of New York Mellon Trust Company, N.A.
Dallas, Texas

Re: Sonoma Valley Health Care District (Sonoma County, California) 2021 General Obligation
Refunding Bonds

Ladies and Gentlemen:

The undersigned (the "Purchaser"), being the purchaser of the above-referenced bonds (the "Bonds") issued pursuant to the provisions of Chapter 4 (commencing with section 53550) of Article 9 of Chapter 3 of Division 2 of Title 5 of the California Government Code, Resolution No. __, adopted by the Board of Directors of the Sonoma Valley Health Care District (the "District") on July 27, 2021 (the "Resolution"), does hereby certify, represent and warrant for the benefit of the District and The Bank of New York Mellon Trust Company, N.A. (the "Paying Agent") that:

(a) The Purchaser (MARK OR INDICATE APPROPRIATELY):

is a qualified institutional buyer" (a "Qualified Institutional Buyer") within the meaning of Rule 144A promulgated under the Securities Act of 1933, as amended (the "Securities Act"),

is an "accredited investor" as defined in Section 501(a)(1), (2), (3) or (7) of Regulation D promulgated under the Securities Act (an "Accredited Investor"), or

is a trust, partnership, custodial arrangement or similar entity, interests in which are offered and sold in a private placement or limited offering only to Qualified Institutional Buyers or Accredited Investors.

is an affiliate of _____.

(b) The Purchaser understands that the Bonds have not been registered under the United States Securities Act of 1933, as amended, or under any state securities laws. The Purchaser agrees that it will comply with any applicable state and federal securities laws then in effect with respect to any disposition of the Bonds by it, and further acknowledges that any current exemption from registration of the Bonds does not affect or diminish such requirements.

(c) The Purchaser is not now and has never been controlled by, or under common control with, the District. The District has never been and is not now controlled by the Purchaser.

The Purchaser has entered into no arrangements with the District or with any affiliate in connection with the Bonds, other than as disclosed to the District.

(d) The Purchaser has authority to purchase the Bonds and to execute this letter and any other instruments and documents required to be executed by the Purchaser in connection with the purchase of the Bonds. The individual who is signing this letter on behalf of the Purchaser is a duly appointed, qualified, and acting officer of the Purchaser and is authorized to cause the Purchaser to make the Bonds, representations and warranties contained herein by execution of this letter on behalf of the Purchaser.

(e) The Purchaser has been informed that the Bonds (i) have not been and will not be registered or otherwise qualified for sale under the "Blue Sky" laws and regulations of any jurisdiction, and (ii) will not be listed on any stock or other securities exchange.

(f) The Purchaser acknowledges that it has the right to sell and transfer the Bonds, subject to compliance with the transfer restrictions set forth in Section 2.03 of the Resolution, including in certain circumstances the requirement for the delivery to the District and the Paying Agent of an investor's letter in the same form as this Investor's Letter, including this paragraph. Failure to comply with the provisions of Section 2.06 of Resolution shall cause the purported transfer to be null and void.

(g) None of the Paying Agent, Placement Agent, Financial Advisor or Bond Counsel, their members, or any of their employees, counsel or agents will have any responsibility to the Purchaser for the accuracy or completeness of information obtained by the Purchaser from any source regarding the District or its financial condition or the Project, or regarding the Bonds, the provision for payment thereof, or the sufficiency of any security therefor. No written information has been provided by the District to the Purchaser with respect to the Bonds. The Purchaser acknowledges that, as between the Purchaser and all of such parties, the Purchaser has assumed responsibility for obtaining such information and making such review as the Purchaser deemed necessary or desirable in connection with its decision to purchase the Bonds.

(h) The Purchaser acknowledges that the Bonds are exempt from the requirements of Rule 15c2-12 of the Securities and Exchange Commission and that the District has not undertaken to provide any continuing disclosure with respect to the Bonds.

The Purchaser acknowledges that the sale of the Bonds to the Purchaser is made in reliance upon the certifications, representations and warranties herein by the addressees hereto. Capitalized terms used herein and not otherwise defined have the meanings given such terms in the Resolution.

[PURCHASER]

By _____

EXHIBIT C

FORM OF BOND PURCHASE AGREEMENT

\$15,825,000
SONOMA VALLEY HEALTH CARE DISTRICT
(Sonoma County, California)
2021 General Obligation Refunding Bonds

BOND PURCHASE AGREEMENT

July 28, 2021

Sonoma Valley Health Care District
347 Andrieux Street
Sonoma, CA 95476

Ladies and Gentlemen:

The undersigned, Truist Bank (the "Purchaser") offers to enter into this Bond Purchase Agreement (the "Bond Purchase Agreement") with Sonoma Valley Health Care District (the "District"), which, upon acceptance, will be binding upon the District and the Purchaser. The undersigned has been duly authorized to execute this Bond Purchase Agreement on behalf of the Purchaser and to act hereunder.

The District hereby acknowledges and agrees that (a) the purchase and sale of the Bonds (as defined herein) pursuant to this Bond Purchase Agreement is an arm's-length commercial transaction between the District and the Purchaser, (b) in connection therewith and with the discussions, undertakings and procedures leading up to the consummation of such transaction, the Purchaser is and has been acting solely as a principal and is not acting as the agent or fiduciary of the District, (c) the Purchaser has not assumed an advisory or fiduciary responsibility in favor of the District with respect to the purchase of the Bonds contemplated hereby or the discussions, undertakings and procedures leading thereto (irrespective of whether the Purchaser has provided other services or is currently providing other services to the District on other matters) and the Purchaser has no obligation to the District with respect to the purchase of the Bonds contemplated hereby except the obligations expressly set forth in this Bond 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 Bonds and the other matters contemplated by this Bond Purchase Agreement.

1. Purchase and Sale of the Bonds. Upon the terms and conditions and in reliance upon the representations, warranties and agreements herein set forth, the Purchaser hereby agrees to purchase from the District, and the District hereby agrees to sell to the Purchaser, all (but not less than all) of \$15,825,000

in aggregate principal amount of the District's 2021 General Obligation Refunding Bonds (the "Bonds"). The purchase price for the Bonds shall be \$15,825,000.00 (being equal to the aggregate principal amount of the Bonds).

2. The Bonds.

(a) Except as hereinafter described, the Bonds shall be as described in, and shall be issued and secured pursuant to the provisions of the resolution of the District adopted on July 27, 2021 (the "Resolution"), the provisions of Article 9 of Chapter 3 (commencing with section 53550) of Division 2 of Title 5 of the California Government Code (the "Act") and other applicable provisions of law. The Bonds shall be issued, authenticated and delivered under and in accordance with the provisions of this Bond Purchase Agreement and the Resolution.

(b) The Bonds are general obligation bonds of the District, and Sonoma County (the "County") is empowered and is obligated to annually levy *ad valorem* taxes, without limitation as to rate or amount, for the payment of interest on and principal of the Bonds, upon all property subject to taxation within the District (except certain personal property which is taxable at limited rates).

(c) The Bonds will be dated as of their date of delivery. The Bonds will mature on the date, payable at the rate (payable semiannually on each February 1 and August 1, commencing February 1, 2022) and subject to redemption prior to maturity on the dates and at the prices set forth in Exhibit A attached hereto.

(d) The Bonds will be issued by the District to (a) provide for the defeasance and redemption of the outstanding Sonoma Valley Health Care District (Sonoma County, California) General Obligation Bonds, Election of 2008, Series B (2010) (the "2010 Bonds"), and (b) pay for costs of issuance of the Bonds.

(e) The District will deposit the net proceeds of the Bonds into an escrow fund held by The Bank of New York Mellon Trust Company, N.A., as escrow bank (the "Escrow Bank"), pursuant to an Escrow Agreement dated the Closing Date (the "Escrow Agreement") by and between the District and the Escrow Bank in order to refund the 2010 Bonds.

(f) At 10:00 A.M., Pacific Daylight time, on August 5, 2021, or at such earlier or later time or date as shall be agreed by the District and the Purchaser (such time and date being herein referred to as the "Closing Date"), the District will direct the Trustee to deliver the Bonds to the Purchaser in the form of a separate single fully-registered Bond, duly executed by the District and authenticated by The Bank of New York Mellon Trust Company, N.A., as paying agent (the "Paying Agent"), in Larkspur, California, and the other documents herein mentioned; and the Purchaser will accept such delivery and pay the purchase price of the Bonds as set forth above by wire transfer, payable in immediately available funds (such delivery and payment being herein referred to as the "Closing").

3. Private Placement. The Purchaser represents and warrants to the District that:

(a) The Purchaser has sufficient knowledge and experience in financial and business matters, including the purchase and ownership of municipal and other obligations of a nature similar to the Bonds, to be able to evaluate the risks and merits of the acquisition of the Bonds.

(b) The Purchaser is acquiring the Bonds for its own account and not with a present intent to, or for sale in connection with, any distribution of the Bonds or any part thereof. The Purchaser has not offered to

sell, solicited offers to buy, or agreed to sell the Bonds or any part thereof, and the Purchaser has no current intention of reselling or otherwise disposing of the Bonds; *provided, however*, such representation shall not preclude the Purchaser from transferring or selling of the Bonds in accordance with the Resolution. The Purchaser is not acting in a broker-dealer capacity in connection with its purchase of the Bonds. The Purchaser intends to book and hold the Bonds as a loan in its loan portfolio.

(c) The Purchaser has made its own credit inquiry and analysis with respect to the District and the Bonds and has made an independent credit decision based upon such inquiry and analysis and in reliance on the truth, accuracy, and completeness of the representations and warranties of the District set forth herein and in the information set forth in any materials submitted to the Purchaser by the District. The Purchaser acknowledges that it has reviewed information, including financial statements and other financial information regarding the District, and the Purchaser has had the opportunity to ask questions of and receive answers from knowledgeable individuals concerning the District and the Bonds.

(d) The Purchaser understands that the Bonds have not been registered under the Securities Act of 1933, as amended, or under any state securities laws. The Purchaser agrees that it will comply with any applicable state and federal securities laws then in effect with respect to any disposition of the Bonds by it, and further acknowledges that any current exemption from registration of the Bonds does not affect or diminish such requirements.

(e) The Purchaser has authority to purchase the Bonds and to execute this Bond Purchase Agreement and any other instruments and documents required to be executed by the Purchaser in connection with the purchase of the Bonds. The undersigned is a duly appointed, qualified, and acting officer of the Purchaser and is authorized to cause the Purchaser to make the representations and warranties contained herein by execution of this Bond Purchase Agreement on behalf of the Purchaser.

(f) The Purchaser understands that the Bonds may be transferred in whole only, and only to a person or persons that the Purchaser reasonably believes is (i) a qualified institutional buyer within the meaning of Rule 144A promulgated under the Securities Act of 1933, as amended, (ii) an accredited investor as defined in section 501(a)(1), (2), (3) or (7) of Regulation D promulgated under the Securities Act of 1933, as amended, or (iii) a trust, partnership, custodial arrangement or similar entity, interests in which are offered and sold in a private placement or limited offering only to qualified institutional buyers or accredited investors and, in each case, that executes and delivers to the Paying Agent and the District a letter in substantially the form attached hereto as Exhibit B.

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

(a) *Due Organization.* The District is a local health care district duly organized and validly existing under the laws of the State of California, with the power to request the issuance of the Bonds pursuant to the Act.

(b) *Due Authorization.* (i) At or prior to the Closing, the District will have taken all action required to be taken by it to authorize the issuance and delivery of the Bonds; (ii) the District has full legal right, power and authority to enter into this Bond Purchase Agreement, to adopt the Resolution, to perform its obligations under each such document or instrument, and to carry out and effectuate the transactions contemplated by this Bond Purchase Agreement and the Resolution; (iii) the execution and delivery or adoption of, and the performance by the District of the obligations contained in the Bonds, the Resolution,

the Paying Agent/Bond Registrar/Costs of Issuance Agreement, to be dated August 5, 2021, by and between the District and the Paying Agent, as paying agent, transfer agent and bond registrar for the Bonds and as custodian and disbursing agent for the payment of costs of issuance relating to the Bonds (the "Paying Agent Agreement"), the Escrow Agreement and this Bond Purchase Agreement have been duly authorized and such authorization shall be in full force and effect at the time of the Closing; (iv) this Bond Purchase Agreement, the Escrow Agreement, and the Paying Agent Agreement constitute the valid and legally binding obligations of the District; and (v) the District has duly authorized the consummation by it of all transactions contemplated by this Bond Purchase Agreement the Escrow Agreement, and the Paying Agent Agreement. The District will not amend, terminate or rescind, and will not agree to any amendment, termination or rescission of the Resolution, this Bond Purchase Agreement the Escrow Agreement, or the Paying Agent Agreement without the prior written consent of the Purchaser prior to the Closing Date.

(c) *Consents.* No consent, approval, authorization, order, filing, registration, qualification, election or referendum of or by any court or governmental agency or public body whatsoever is required in connection with the issuance, delivery or sale of the Bonds or the consummation of the other transactions effected or contemplated herein or hereby, except for such actions as may be necessary to qualify the Bonds for offer and sale under the Blue Sky or other securities laws and regulations of such states and jurisdictions of the United States as the Purchaser may reasonably request, or which have not been taken or obtained; *provided, however,* that the District shall not be required to subject itself to service of process in any jurisdiction in which it is not so subject as of the date hereof.

(d) *Internal Revenue Code.* The District has covenanted to comply with the Internal Revenue Code of 1986, as amended, with respect to the Bonds.

(e) *No Conflicts.* To the best knowledge of the District, the issuance of the Bonds, and the execution, delivery and performance of this Bond Purchase Agreement, the Paying Agent Agreement, the Escrow Agreement, the Resolution and the Bonds, and the compliance with the provisions hereof do not conflict with or constitute on the part of the District a violation of or default under, the Constitution of the State of California or any existing law, charter, ordinance, regulation, decree, order or resolution and do not conflict with or result in a violation or breach of, or constitute a default under, any agreement, indenture, mortgage, lease or other instrument to which the District is a party or by which it is bound or to which it is subject.

(f) *Litigation.* As of the time of acceptance hereof, based on the advice of counsel to the District, no action, suit, proceeding, hearing or investigation is pending and served on the District or, to the best knowledge of the District, threatened against the District: (i) in any way affecting the existence of the District or in any way challenging the respective powers of the several offices or of the titles of the officials of the District to such offices; or (ii) seeking to restrain or enjoin the sale, issuance or delivery of any of the Bonds, the application of the proceeds of the sale of the Bonds, or the collection of taxes of the District pledged or to be pledged or available to pay the principal of and interest on the Bonds, or the pledge thereof, or, the levy of any taxes contemplated by the Resolution, or in any way contesting or affecting the validity or enforceability of the Bonds, this Bond Purchase Agreement, the Paying Agent Agreement the Escrow Agreement or the Resolution or contesting the powers of the District or its authority with respect to the Bonds, the Resolution or this Bond Purchase Agreement; or (iii) in which a final adverse decision could (a) materially adversely affect the operations of the District or the consummation of the transactions contemplated by this Bond Purchase Agreement, the Paying Agent Agreement, the Escrow Agreement or the Resolution, (b) declare this Bond Purchase Agreement to be invalid or unenforceable in whole or in material part, or (c) adversely affect the exclusion of the interest paid on the Bonds from gross income for federal income tax purposes and the exemption of such interest from California personal income taxation.

(g) *No Adverse Change.* No adverse change in the District's financial condition has occurred since June 30, 2020, and no such change is expected prior to the Closing Date.

(h) *No Default.* The District has not defaulted or non-appropriated with respect to any prior obligations.

(i) *No Other Debt.* Between the date hereof and the Closing, without the prior written consent of the Purchaser, the District will not have issued, nor will Sonoma County, on behalf of the District issue, any bonds, notes or certificates of participation.

(j) *Arbitrage Certificate.* The District has not been notified of any listing or proposed listing by the Internal Revenue Service to the effect that the District is a bond issuer whose arbitrage certificates may not be relied upon.

(k) *Certificates.* Any certificates signed by any officer of the District and delivered to the Purchaser shall be deemed a representation by the District to the Purchaser, but not by the person signing the same, as to the statements made therein.

5. Covenants of the District. The District covenants and agrees with the Purchaser that:

(a) The District will apply the proceeds from the sale of the Bonds for the purposes specified in the Resolution;

(b) The District will provide the Purchaser with (i) District's approved operating budget within thirty (30) calendar days of adoption, (ii) the District's audited financial statements within nine months of the District's fiscal year end; and (iii) such other information that the Purchaser may, from time to time, reasonably request.

(c) The District will notify the Purchaser upon the occurrence of any of the following events relating to the Bonds, if applicable:

(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; or

(xiv) Appointment of a successor or additional trustee or the change of name of a trustee, if material;

(xv) The incurrence of a financial obligation of the District, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the District, 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, any of which reflect financial difficulties.

(d) The District agrees that the Bonds will not be assigned a rating by any rating agency, be registered with The Depository Trust Company or any other securities depository, be issued pursuant to any type of offering document or official statement or be assigned CUSIP numbers by Standard & Poor's CUSIP Service Bureau.

6. Conditions to Closing. The Purchaser has entered into this Bond Purchase Agreement in reliance upon the representations and warranties of the District contained herein and the performance by the District of its obligations hereunder, both as of the date hereof and as of the date of Closing. The Purchaser's obligations under this Bond Purchase Agreement are and shall be subject at the option of the Purchaser, to the following further conditions at the Closing:

(a) The representations and warranties of the District contained herein shall be true, complete and correct in all material respects at the date hereof and at and as of the Closing as if made at and as of the Closing, and the statements made in all certificates and other documents delivered to the Purchaser at the Closing pursuant hereto shall be true, complete and correct in all material respects on the date of the Closing; and the District shall be in compliance with each of the agreements made by it in this Bond Purchase Agreement;

(b) At the time of the Closing, (i) this Bond Purchase Agreement, the Paying Agent Agreement, the Escrow Agreement, and the Resolution shall be in full force and effect and shall not have been amended, modified, rescinded, appealed or supplemented except as may have been agreed to in writing by the Purchaser; (ii) all actions under the Act which, in the opinion of Quint & Thimmig LLP ("Bond Counsel"), shall be necessary in connection with the transactions contemplated hereby shall have been duly taken and shall be in full force and effect; and (iii) the District shall perform or have performed all of their obligations required under or specified in the Resolution, this Bond Purchase Agreement, the Paying Agent Agreement or the Escrow Agreement to be performed at or prior to the Closing;

(c) Between the date hereof and the Closing Date, the Bonds shall not have been materially adversely affected, in the reasonable judgment of the Purchaser, by reason of any of the following:

(i) legislation enacted (or resolution passed) by or introduced or pending legislation amended in the Congress or recommended for passage by the President of the United States, the Secretary of the Treasury or any member of Congress, or a decision rendered by a court established under Article III of the Constitution of the United States or by the Tax Court of the United States, or an order, ruling, regulation (final, temporary or proposed), official statement, press release or other form of notice or communication issued or made by or on behalf of the Treasury Department or the Internal Revenue Service of the United States, by the President or other agency of the federal government or members of Congress with the purpose or effect, directly or indirectly, of imposing federal income taxation upon interest as would be received by the Purchaser as the owner of the Bonds;

(ii) the United States shall have become engaged in hostilities which have resulted in a declaration of war or a national emergency, or there shall have occurred any other outbreak or escalation of hostilities, or a local, national or international calamity or crisis, financial or otherwise, the effect of such outbreak or escalation, calamity or crisis being such as, in the reasonable opinion of the Purchaser, would affect materially and adversely the ability of the Purchaser to purchase the Bonds;

(iii) 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;

(iv) 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 Bonds or obligations of the general character of the Bonds 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, commercial banks similar to the Purchaser;

(v) an order, decree or injunction issued by any court of competent jurisdiction, or order, ruling, regulation (final, temporary or proposed), official statement or other form of notice or communication 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 (A) obligations of the general character of the Bonds, or the Bonds, including any or all underlying arrangements, are not exempt from registration under the Securities Act of 1933, as amended, or that the Indenture is not exempt from qualification under the Trust Indenture Act of 1939, as amended, or (B) the execution and delivery of obligations of the general character of the Bonds, or the execution and delivery of the Bonds, including any or all underlying obligations, as

contemplated hereby, is or would be in violation of the federal securities laws as amended and then in effect; or

(vi) there shall have occurred any materially adverse change in the affairs or financial condition of the District.

(d) *Delivery of Documents.* At or prior to the date of the Closing, Bond Counsel shall deliver sufficient copies of the following documents, in each case dated as of the Closing Date and satisfactory in form and substance to the Purchaser:

(1) **Bond Opinion.** An approving opinion of Bond Counsel, as to the validity and tax-exempt status of the Bonds, dated the date of the Closing, addressed to the District;

(2) **Reliance Letter.** A reliance letter from Bond Counsel to the effect that the Purchaser can rely upon the approving opinion described in (e)(1) above;

(3) **Supplemental Opinion.** A supplemental opinion of Bond Counsel, dated the Closing Date, addressed to the Purchaser to the effect that:

(i) this Bond Purchase Agreement and the Escrow Agreement have been duly executed and delivered by the District and, assuming due authorization, execution and delivery by and validity against the other parties thereto, are valid and binding agreements of the District, subject to bankruptcy, insolvency, reorganization, arrangement, moratorium, fraudulent conveyance and other laws relating to or affecting creditors' rights, to the application of equitable principles and to the exercise of judicial discretion in appropriate cases,

(ii) pursuant to section 53515 of the California Government Code, the Bonds are secured by a statutory lien on all *ad valorem* taxes received pursuant to the levy and collection of such taxes, and

(iii) the Bonds are not subject to the registration requirements of the Securities Exchange Act and the Resolution is exempt from qualification under the Trust Indenture Act of 1939, as amended;

(4) **District Counsel Opinion.** An opinion letter, dated the Closing Date and addressed to the District and the Purchaser, of Best Best & Krieger, as District counsel ("District Counsel"), to the effect that (1) the District is a local health care district duly organized and validly existing under the Constitution and the laws of the State of California, (2) the Resolution approving and authorizing the issuing the Bonds and approving the Paying Agent Agreement the Escrow Agreement, and this Bond Purchase Agreement has been duly adopted, and the Resolution is in full force and effect and has not been modified, amended or rescinded, and (3) except as otherwise disclosed to the Purchaser and to such counsel's knowledge, there is no litigation, proceeding, action, suit, or investigation at law or in equity before or by any court, governmental board or body, pending and served or overtly threatened in writing against the District, challenging the creation, organization or existence of the District, or the validity of the Bonds or seeking to restrain or enjoin the payment of debt service on the Bonds or contesting or affecting the validity of the Bonds or contesting the

authority of the District to enter into or perform its obligations under this Bond Purchase Agreement, the Escrow Agreement, and the Paying Agent Agreement;

(5) **District Certificates.** Certificates signed by appropriate officials of the District to the effect that (i) such officials are authorized to execute this Bond Purchase Agreement, (ii) the representations, agreements and warranties of the District herein are true and correct in all material respects as of the date of Closing, (iii) the District has complied with all the terms of the Resolution and this Bond Purchase Agreement, which are necessary to be complied with prior to or concurrently with the Closing and such documents are in full force and effect, and (iv) the Bonds being delivered on the date of the Closing to the Purchaser under this Bond Purchase Agreement substantially conform to the descriptions thereof contained in the Resolution;

(6) **Escrow Bank.** A certificate of the Escrow Bank, dated the Closing Date and signed by an authorized representative of the Escrow Bank, to the effect that:

(i) The Escrow Bank 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 Escrow Agreement;

(ii) The Escrow Bank is duly authorized to enter into the Escrow Agreement and has duly executed and delivered the Escrow Agreement;

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

(iv) 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 Escrow Bank's knowledge, threatened against the Escrow Bank, affecting the existence of the Escrow Bank, or the entitlement of its officers to their respective offices or in any way contesting or affecting the validity or enforceability of the Escrow Agreement; or contesting the power or authority of the Escrow Bank 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 Escrow Agreement;

(7) **Arbitrage.** A non-arbitrage certificate of the District in a form satisfactory to Bond Counsel;

(8) **Resolution.** A certificate, together with fully executed copies of the Resolution, of the Secretary of the Board of Directors of the District to the effect that:

(i) such copies are true and correct copies of the Resolution; and

(ii) that the Resolution was duly adopted and has not been modified, amended, rescinded or revoked and is in full force and effect on the date of the Closing.

(9) **Paying Agent Agreement;**

(10) **Escrow Agreement;**

(11) **Purchaser's Certifications.** At or before Closing, and contemporaneously with the acceptance of delivery of the Bonds and the payment of the purchase price thereof, the Purchaser will provide (or cause to be provided) to the District (i) the receipt of the Purchaser, in form satisfactory to the District and signed by an authorized officer of the Purchaser, confirming delivery of the Bonds to the Purchaser, receipt of all documents required by the Purchaser, and the satisfaction of all conditions and terms of this Purchase Agreement by the District and confirming to the District that as of the Closing Date all of the representations of the Purchaser contained in this Purchase Agreement are true, complete and correct in all material respects; and

(12) **Defeasance Opinion.** A defeasance opinion of Bond Counsel, relating to the 2010 Bonds;

(13) **Other Documents.** Such additional legal opinions, certificates, proceedings, instruments and other documents as the Purchaser may reasonably request to evidence compliance (i) by the District with legal requirements, (ii) the truth and accuracy, as of the time of Closing, of the representations of the District herein contained, and (iii) 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.

(e) *Termination.* Notwithstanding anything to the contrary herein contained, if for any reason whatsoever the Bonds shall not have been delivered by the District to the Purchaser prior to the close of business, California Time, on August 5, 2021, then the obligation to purchase Bonds hereunder shall terminate and be of no further force or effect except with respect to the obligations of the District and the Purchaser under Section 8 hereof.

If the District shall be unable to satisfy the conditions to the Purchaser's obligations contained in this Bond Purchase Agreement or if the Purchaser's obligations shall be terminated for any reason permitted by this Bond Purchase Agreement, this Bond Purchase Agreement may be canceled by the Purchaser at, or at any time prior to, the time of Closing. Notice of such cancellation shall be given to the District in writing, or by telephone or telegraph, confirmed in writing. Notwithstanding any provision herein to the contrary, the performance of any and all obligations of the District hereunder and the performance of any and all conditions contained herein for the benefit of the Purchaser may be waived by the Purchaser in writing at its sole discretion.

7. Conditions to Obligations of the District. The performance by the District of its obligations is conditioned upon (i) the performance by the Purchaser of its obligations hereunder; and (ii) receipt by the District and the Purchaser of opinions and certificates being delivered at the Closing by persons and entities other than the District.

8. Costs and Expenses. All costs of issuance will be paid from amounts deposited with the Paying Agent including the fee of counsel to the Purchaser (not to exceed \$177,249.92).

9. Notices. Any notice or other communication to be given under this Bond Purchase Agreement (other than the acceptance hereof as specified in the first paragraph hereof) may be given by delivering the same in writing if to the District, to the Chief Executive Officer, Sonoma Valley Health Care District, 347 Andrieux Street, Sonoma, CA 95476, or if to the Purchaser, to Truist Bank, 5130 Parkway Plaza Boulevard, Charlotte, NC 28217, Attention: Mr. William B. DaSilva, Director.

10. Parties in Interest; Survival of Representations and Warranties. This Bond Purchase Agreement when accepted by the District in writing as heretofore specified shall constitute the entire agreement between the District and the Purchaser. This Bond Purchase Agreement is made solely for the benefit of the District and the Purchaser (including the successors or assigns of the Purchaser). No person shall acquire or have any rights hereunder or by virtue hereof. All representations, warranties and agreements of the District in this Bond Purchase Agreement shall survive regardless of (a) any investigation or any statement in respect thereof made by or on behalf of the Purchaser, (b) delivery of and payment by the Purchaser for the Bonds hereunder, and (c) any termination of this Bond Purchase Agreement.

11. Execution in Counterparts. This Bond 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.

12. Applicable Law. This Bond Purchase Agreement shall be interpreted, governed and enforced in accordance with the law of the State of California applicable to contracts made and performed in such State.

Very truly yours,

TRUIST BANK, as Purchaser

By _____
Authorized Signatory

The foregoing is hereby agreed to and accepted
as of the date first above written:

SONOMA VALLEY HEALTH CARE DISTRICT

By _____
Name _____
Title _____

APPENDIX A

**MATURITY DATE, PRINCIPAL AMOUNT, INTEREST RATE
AND REDEMPTION PROVISIONS**

Maturity (August 1)	Principal Amount	Interest Rate
2031	\$15,825,000	1.790%*

Redemption Provisions

Optional Redemption. The Bonds are callable for redemption prior to their stated maturity date at the option of the District, in whole on any February 1 or August 1, by payment of principal, plus accrued interest to date of redemption, without premium, payable from any source lawfully available therefor.

Mandatory Sinking Fund Redemption of Bonds. The Bonds are subject to mandatory sinking fund redemption on August 1 in each year, in the amounts specified in the following table.

Mandatory Sinking Fund Redemption Date (August 1)	Sinking Fund Redemption Amount
2022	\$1,415,000
2023	1,450,000
2024	1,480,000
2025	1,520,000
2026	1,560,000
2027	1,600,000
2028	1,640,000
2029	1,680,000
2030	1,720,000
2031†	1,760,000

† Maturity

Surrender of the Bonds is not required for the payment of sinking fund redemptions, except for the final maturity.

* If the Taxable Rate (as such term is defined in the Resolution) is in effect, interest will be computed at the rate of 2.30% per annum.

APPENDIX B

FORM OF PURCHASER LETTER

Sonoma Valley Health Care District
Sonoma, California

The Bank of New York Mellon Trust Company, N.A.
Dallas, Texas

Re: Sonoma Valley Health Care District (Sonoma County, California) 2021 General Obligation
Refunding Bonds

Ladies and Gentlemen:

The undersigned authorized representative of _____ (the "Purchaser"), being the purchaser of the above-referenced bonds (the "Bonds") does hereby certify, represent and warrant for the benefit of the Sonoma Valley Health Care District (the "District") and The Bank of New York Mellon Trust Company, N.A. (the "Paying Agent") that:

(a) The Purchaser has full power and authority to carry on its business as now conducted, deliver this certificate and make the representations and certifications contained herein.

(b) The Purchaser is (i) a qualified institutional buyer within the meaning of Rule 144A promulgated under the Securities Act of 1933, as amended, (ii) an accredited investor as defined in section 501(a)(1), (2), (3) or (7) of Regulation D promulgated under the Securities Act of 1933, as amended, or (iii) a trust, partnership, custodial arrangement or similar entity, interests in which are offered and sold in a private placement or limited offering only to qualified institutional buyers or accredited investors. The Purchaser is not acting as a broker, dealer, municipal securities underwriter, municipal advisor or fiduciary in connection with its purchase of the Bonds.

(c) The Purchaser has conducted its own investigation of the financial condition of the District, the purpose for which the Bonds are being issued and delivered and of the security for the payment of the principal of and interest on Bonds, and has obtained such information regarding the Bonds and the District and its operations, financial condition and financial prospects as the Purchaser deems necessary to make an informed investment decision with respect to the purchase of the Bonds.

(d) The Purchaser is purchasing the Bonds as a vehicle for making a commercial loan for its own loan account and without any present intention of distributing or selling any interest therein or portion thereof, provided that the Purchaser shall have the right at any time to assign, transfer or convey the Bonds or any interest therein or portion thereof, but no such assignment, transfer or conveyance shall be effective as against the District unless and until the Purchaser has delivered to the District written notice thereof that discloses the name and address of the assignee or the Loan Servicer (as hereafter provided) and such assignment, transfer or conveyance shall be made only to (i) an affiliate of the Purchaser; or (ii) one or more banks, insurance companies or similar financial institutions or their affiliates. Nothing herein or in any other document relating to the Bonds shall limit the right of the Purchaser or its assignees to sell or assign

participation interests in the Bonds to one or more entities listed in (i) or (ii), provided that any participation, custodial or similar agreement under which multiple ownership interests in the Bonds are created shall provide the method by which the owners of such interests shall establish the rights and duties of a single entity, owner, servicer or other fiduciary or agent acting on behalf of all of the assignees (herein referred to as the "Loan Servicer") to act on their behalf with respect to the rights and interests of the Purchaser under the Bonds, including with respect to the exercise of rights and remedies of the Purchaser on behalf of such owners upon the occurrence of an event of default hereunder.

(e) The Purchaser acknowledges that the Bonds (a) have not been registered under the Securities Act of 1933, as amended, and have not been registered or otherwise qualified for sale under the securities laws of any state, (b) will not be listed on any securities exchange and (c) there is no established market for the Bonds and that none is likely to develop. The Purchaser understands and acknowledges that (i) its purchase of the Bonds is not intended to be subject to the requirements of Rule 15c2-12 promulgated under the Securities Exchange Act of 1934, as amended; and (ii) in connection with its purchase of the Bonds, the District has not prepared or caused to be prepared, any official statement, private placement memorandum or other offering document.

(f) The Purchaser acknowledges that the Bonds have not been assigned a rating by any rating agency, are not registered with The Depository Trust Company or any other securities depository, were not issued pursuant to any type of offering document or official statement and have not been assigned CUSIP numbers by Standard & Poor's CUSIP Service Bureau.

The Purchaser acknowledges that the sale of the Bonds to the Purchaser is made in reliance upon the certifications, representations and warranties herein by the addressees hereto. Capitalized terms used herein and not otherwise defined have the meanings given such terms in the District's resolution authorizing the issuance of the Bonds adopted on July 27, 2021.

[PURCHASER]

By _____
Name _____
Title _____

EXHIBIT D

FORM OF PAYING AGENT AGREEMENT

\$15,825,000
SONOMA VALLEY HEALTH CARE DISTRICT
(Sonoma County, California)
2021 General Obligation Refunding Bonds

PAYING AGENT/BOND REGISTRAR/COSTS OF ISSUANCE AGREEMENT

THIS PAYING AGENT/BOND REGISTRAR/COSTS OF ISSUANCE AGREEMENT (this "Agreement"), is entered into as of August 5, 2021, by and between the SONOMA VALLEY HEALTH CARE DISTRICT (the "District") and THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A. (the "Bank"), relating to the \$15,825,000 Sonoma Valley Health Care District (Sonoma County, California) 2021 General Obligation Refunding Bonds (the "Bonds"). The District hereby appoints the Bank to act as Paying Agent, Transfer Agent and Bond Registrar for the Bonds and as Custodian and Disbursing Agent for the payment of costs of issuance relating to the Bonds.

RECITALS

WHEREAS, the District has duly authorized and provided for the issuance of the Bonds as fully registered bonds without coupons;

WHEREAS, the District will ensure all things necessary to make the Bonds the valid obligations of the District, in accordance with their terms, will be done upon the issuance and delivery thereof;

WHEREAS, the District and the Bank wish to provide the terms under which the Bank will act as Paying Agent to pay the principal, redemption premium (if any) and interest on the Bonds, in accordance with the terms thereof, and under which the Bank will act as Bond Registrar for the Bonds;

WHEREAS, the District and the Bank also wish to provide the terms under which the Bank will act as Custodian and Disbursing Agent for the payment of costs of issuance relating to the Bonds;

WHEREAS, the Bank has agreed to serve in such capacities for and on behalf of the District and has full power and authority to perform and serve as Paying Agent, Transfer Agent and Bond Registrar for the Bonds and as Custodian and Disbursing Agent for the payment of costs of issuance relating to the Bonds; and

WHEREAS, the District has duly authorized the execution and delivery of this Agreement; and all things necessary to make this Agreement a valid agreement have been done.

NOW, THEREFORE, it is mutually agreed as follows:

ARTICLE ONE

DEFINITIONS

Section 1.01. Definitions.

For all purposes of this Agreement except as otherwise expressly provided or unless the context otherwise requires:

"Bank" means The Bank of New York Mellon Trust Company, N.A., a national banking association organized and existing under the laws of the United States of America.

"Bond Register" means the book or books of registration kept by the Bank in which are maintained the names and addresses and principal amounts registered to each Registered Owner.

"Bond Registrar" means the Bank when it is performing the function of registrar for the Bonds.

"Bond Resolution" means the resolution of the District pursuant to which the Bonds were issued.

"Bond" or "Bonds" means any one or all of the \$15,825,000 Sonoma Valley Health Care District (Sonoma County, California) 2021 General Obligation Refunding Bonds.

"Custodian and Disbursing Agent" means the Bank when it is performing the function of custodian and disbursing agent for the payment of costs of issuance relating to the Bonds.

"District" means Sonoma Valley Health Care District.

"District Request" means a written request signed in the name of the District and delivered to the Bank.

"Fiscal Year" means the fiscal year of the District ending on June 30 of each year.

"Paying Agent" means the Bank when it is performing the function of paying agent for the Bonds.

"Person" means any individual, corporation, partnership, joint venture, association, joint stock company, trust, unincorporated organization or government or any agency or political subdivision of a government or any entity whatsoever.

"Purchaser" means Truist Bank.

"Registered Owner" means a Person in whose name a Bond is registered in the Bond Register.

"Stated Maturity" when used with respect to any Bond means the date specified in the Bond Resolution as the date on which the principal of such Bond is due and payable.

"Transfer Agent" means the Bank when it is performing the function of transfer agent for the Bonds.

"2010 Bonds" means the Sonoma Valley Health Care District (Sonoma County, California) General Obligation Bonds, Election of 2008, Series B (2010).

ARTICLE TWO

APPOINTMENT OF BANK AS PAYING AGENT, TRANSFER AGENT, BOND REGISTRAR AND CUSTODIAN AND DISBURSING AGENT

Section 2.01. Appointment and Acceptance. The District hereby appoints the Bank to act as Paying Agent and Transfer Agent with respect to the Bonds, to pay to the Registered Owners in accordance with the terms and provisions of this Agreement and the Bond Resolution, the principal of, redemption premium (if any), and interest on all or any of the Bonds.

The District hereby appoints the Bank as Bond Registrar with respect to the Bonds. As Bond Registrar, the Bank shall keep and maintain for and on behalf of the District, books and records as to the ownership of the Bonds and with respect to the transfer and exchange thereof as provided herein and in the Bond Resolution.

The District hereby appoints the Bank as Custodian and Disbursing Agent.

The Bank hereby accepts its appointment, and agrees to act as Paying Agent, Transfer Agent, Bond Registrar and Custodian and Disbursing Agent.

Section 2.02. Compensation. As compensation for the Bank's services as Paying Agent and Bond Registrar, the District hereby agrees to pay the Bank the fees and amounts set forth in a separate agreement between the District and the Bank.

In addition, the District agrees to reimburse the Bank, upon its request, for all reasonable and necessary out-of-pocket expenses, disbursements, and advances, including without limitation the reasonable fees, expenses, and disbursements of its agents and attorneys, made or incurred by the Bank in connection with entering into and performing under this Agreement and in connection with investigating and defending itself against any claim or liability in connection with its performance hereunder.

ARTICLE THREE

PAYING AGENT

Section 3.01. Duties of Paying Agent. As Paying Agent, the Bank, provided sufficient collected funds have been provided to it for such purpose by or on behalf of the District, shall pay on behalf of the District the principal of, and interest on each Bond in accordance with the debt service schedule attached hereto as Exhibit A.

Section 3.02. Payment Dates. The District hereby instructs the Bank to pay the principal of, redemption premium (if any) and interest on the Bonds on the dates specified in the Bond Resolution.

ARTICLE FOUR

BOND REGISTRAR

Section 4.01. Initial Delivery of Bonds. The Bonds will be initially registered and delivered to the Purchaser as one Bond.

Section 4.02. Duties of Bond Registrar. The Bank shall provide for the proper registration of transfer, exchange and replacement of the Bonds. Every Bond surrendered for transfer or exchange shall be duly endorsed or be accompanied by a written instrument of transfer, the signature on which has been guaranteed by an eligible guarantor institution, in form acceptable to the Bank, duly executed by the Registered Owner thereof or his attorney duly authorized in writing. The Bond Registrar may request any supporting documentation it deems necessary or appropriate to effect a re-registration.

Section 4.03. Unauthenticated Bonds. The District shall provide to the Bank on a continuing basis, an adequate inventory of unauthenticated Bonds to facilitate transfers. The Bank agrees that it will maintain such unauthenticated Bonds in safekeeping.

Section 4.04. Form of Bond Register. The Bank as Bond Registrar will maintain its records as Bond Registrar in accordance with the Bank's general practices and procedures in effect from time to time.

Section 4.05. Reports. The District may request the information in the Bond Register at any time the Bank is customarily open for business, provided that reasonable time is allowed the Bank to provide an up-to-date listing and to convert the information into written form.

The Bank will not release or disclose the content of the Bond Register to any person other than to the District at its written request, except upon receipt of a subpoena or court order or as may otherwise be required by law. Upon receipt of a subpoena or court order the Bank will notify the District.

Section 4.06. Canceled Bonds. All Bonds surrendered for payment, redemption, transfer, exchange, or replacement, if surrendered to the Bank, shall be promptly canceled by it and, if surrendered to the District, shall be delivered to the Bank and, if not already canceled, shall be promptly canceled by the Bank. The District may at any time deliver to the Bank for cancellation any Bonds previously authenticated and delivered which the District may have acquired in any manner whatsoever, and all Bonds so delivered shall be promptly canceled by the Bank. All canceled Bonds held by the Bank for its retention period then in effect and shall thereafter be destroyed and evidence of such destruction furnished to the District upon its written request.

ARTICLE FIVE

CUSTODIAN AND DISBURSING AGENT

Section 5.01. Receipt of Moneys. The Custodian and Disbursing Agent has received, from the Purchaser, the sum of \$15,825,000.00. Of such amount, \$15,647,750.08 has been transferred to The Bank of New York Mellon Trust Company, N.A., as escrow bank, to be applied to the defeasance of the 2010 Bonds, and the remaining \$177,249.92 has been deposited in a special fund to be held and maintained by the Custodian and Disbursing Agent in the name of the District (the "Costs of Issuance Fund").

Section 5.02. Investment. The Custodian and Disbursing Agent will hold funds in the Costs of Issuance Fund until November 5, 2021, or upon prior written order of the District. The Custodian and Disbursing Agent shall have no obligation to invest and reinvest any cash held by it hereunder in the absence of timely and specific written investment direction from the District. In no event shall the Custodian and Disbursing Agent be liable for the selection of investments or for investment losses incurred thereon.

Section 5.03. Payment of Costs of Issuance. The Custodian and Disbursing Agent will pay costs of issuance of the Bonds as directed by the District in writing from time to time, and initially, in accordance with Exhibit B, which shall constitute written instructions from the District.

Section 5.04. Transfer of Remaining Amounts. Any balances remaining in the Costs of Issuance Fund (including any earnings) on or after November 5, 2021, or upon the earlier written order of the District, will be applied by the Paying Agent to pay debt service on the Bonds.

Section 5.05. Limited Liability. The liability of the Custodian and Disbursing Agent as custodian and disbursing agent is limited to the duties listed above. The Custodian and Disbursing Agent will not be liable for any action taken or neglected to be taken by it in good faith in any exercise of reasonable care and believed by it to be within the discretion of power conferred upon it by this Agreement.

ARTICLE SIX

THE BANK

Section 6.01. Duties of the Bank. The Bank undertakes to perform the duties set forth herein. No implied duties or obligations shall be read into this Agreement against the Bank. The Bank hereby agrees to use the funds deposited with it for payment of the principal of and interest on the Bonds to pay the same as it shall become due and further agrees to establish and maintain such accounts and funds as may be required for the Bank to function as Paying Agent.

Section 6.02. Reliance on Documents, Etc.

(a) The Bank may conclusively rely, as to the truth of the statements and correctness of the opinions expressed therein, on certificates or opinions expressed therein, on certificates or opinions furnished to the Bank by the District.

(b) The Bank shall not be liable for any error of judgment made in good faith. The Bank shall not be liable for other than its negligence or willful misconduct in connection with any act or omission hereunder.

(c) No provision of this Agreement shall require the Bank to expend or risk its own funds or otherwise incur any financial liability for performance of any of its duties hereunder, or in the exercise of any of its rights or powers.

(d) The Bank may rely, or be protected in acting or refraining from acting, upon any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, note, security or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties. The Bank need not examine the ownership of any Bond, but shall be protected

in acting upon receipt of Bonds containing an endorsement or instruction of transfer or power of transfer which appears on its face to be signed by the Registered Owner or agent of the Registered Owner.

(e) The Bank may consult with counsel, and the written advice or opinion of counsel shall be full authorization and protection with respect to any action taken, suffered or omitted by it hereunder in good faith and reliance thereon.

(f) The Bank may exercise any of the powers hereunder and perform any duties hereunder either directly or by or through agents or attorneys and shall not be liable for the actions of such agent or attorney if appointed by it with reasonable care.

(g) The Paying Agent shall not be responsible or liable for any failure or delay in the performance of its obligation under this Agreement arising out of or caused, directly or indirectly, by circumstances beyond its reasonable control, including, without limitation, acts of God; earthquakes; fire; flood; wars; terrorism; military disturbances; sabotage; epidemic; riots; interruptions; loss or malfunctions of utilities; computer (hardware or software) or communications service malfunctions; accidents; labor disputes; acts of civil or military authority or governmental action; it being understood that the Paying Agent shall use commercially reasonable efforts which are consistent with accepted practices in the banking industry to resume performance as soon as reasonably practicable under the circumstances.

(h) The Paying Agent agrees to accept and act upon instructions or directions pursuant to this Agreement sent by unsecured e-mail, facsimile transmission or other similar unsecured electronic methods, provided, however, that the District shall provide to the Paying Agent an incumbency certificate listing designated persons authorized to provide such instructions, which incumbency certificate shall be amended whenever a person is to be added or deleted from the listing. If the District elects to give the Paying Agent e-mail or facsimile instructions (or instructions by a similar electronic method) and the Paying Agent in its discretion elects to act upon such instructions, the Paying Agent's understanding of such instructions shall be deemed controlling. The Paying Agent shall not be liable for any losses, costs or expenses arising directly or indirectly from the Paying Agent's reliance upon and compliance with such instructions notwithstanding such instructions conflict or are inconsistent with a subsequent written instruction. The District agrees to assume all risks arising out of the use of such electronic methods to submit instructions and directions to the Paying Agent, including without limitation the risk of the Paying Agent acting on unauthorized instructions, and the risk of interception and misuse by third parties.

Section 6.03. Recitals of the District. The recitals contained in the Bond Resolution and the Bonds shall be taken as the statements of the District, and the Bank assumes no responsibility for their correctness.

Section 6.04. May Own Bonds. The Bank, in its individual or any other capacity, may become the owner or pledgee of Bonds with the same rights it would have if it were not the Paying Agent and Bond Registrar for the Bonds.

Section 6.05. Money Held by the Bank. Money held by the Bank hereunder need not be segregated from other funds. The Bank shall have no duties with respect to investment of funds deposited with it and shall be under no obligation to pay interest on any money received by it hereunder.

Any money deposited with or otherwise held by the Bank for the payment of the principal, redemption premium (if any) or interest on any Bond and remaining unclaimed for two years after such deposit will be paid by the Bank to the District, and the District and the Bank agree that the Registered

Owner of such Bond shall thereafter look only to the District for payment thereof, and that all liability of the Bank with respect to such moneys shall thereupon cease.

Section 6.06. Other Transactions. The Bank may engage in or be interested in any financial or other transaction with the District.

Section 6.07. Interpleader. The District and the Bank agree that the Bank may seek adjudication of any adverse claim, demand, or controversy over its person as well as funds on deposit, in a court of competent jurisdiction. The District and the Bank further agree that the Bank has the right to file an action in interpleader in any court of competent jurisdiction to determine the rights of any person claiming any interest herein.

Section 6.08. Indemnification. To the extent permitted by law, the District shall indemnify the Bank, its officers, directors, employees and agents ("Indemnified Parties") for, and hold them harmless against any loss, cost, claim, liability or expense arising out of or in connection with the Bank's acceptance or administration of the Bank's duties hereunder or under the Bond Resolution (except any loss, liability or expense as may be adjudged by a court of competent jurisdiction to be attributable to the Bank's negligence or willful misconduct), including the reasonable cost and expense (including its counsel fees) of defending itself against any claim or liability in connection with the exercise or performance of any of its powers or duties under this Agreement. Such indemnity shall survive the termination or discharge of this Agreement or discharge of the Bonds.

ARTICLE SEVEN

MISCELLANEOUS PROVISIONS

Section 7.01. Amendment. This Agreement may be amended only by an agreement in writing signed by both of the parties hereto.

Section 7.02. Assignment. This Agreement may not be assigned by either party without the prior written consent of the other party.

Section 7.03. Notices. Any request, demand, authorization, direction, notice, consent, waiver or other document provided or permitted hereby to be given or furnished to the District or the Bank shall be mailed or delivered to the District or the Bank, respectively, at the address shown herein, or such other address as may have been given by one party to the other by fifteen (15) calendar days written notice.

If to the District:	Sonoma Valley Health Care District Attention: Chief Financial Officer 347 Andrieux Street Sonoma, CA 95476 (925) 549-7946
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If to the Paying Agent: The Bank of New York Mellon Trust Company, N.A.
2001 Bryan Street, 10th Floor
Dallas, TX 75201
(214) 468-6145

Section 7.04. Effect of Headings. The Article and Section headings herein are for convenience of reference only and shall not affect the construction hereof.

Section 7.05. Successors and Assigns. All covenants and agreements herein by the District and the Bank shall bind their successors and assigns, whether so expressed or not.

Section 7.06. Severability. If any provision of this Agreement shall be determined to be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions hereof shall not in any way be affected or impaired thereby.

Section 7.07. Benefits of Agreement. Nothing herein, express or implied, shall give to any Person, other than the parties hereto and their successors hereunder, any benefit or any legal or equitable right, remedy or claim hereunder.

Section 7.08. Entire Agreement. This Agreement and the Bond Resolution constitute the entire agreement between the parties hereto relative to the Bank acting as Paying Agent, Transfer Agent and Bond Registrar for the Bonds and as Custodian and Disbursing Agent for the payment of costs of issuance relating to the Bonds.

Section 7.09. Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original and all of which shall constitute one and the same Agreement.

Section 7.10. Term and Termination. This Agreement shall be effective from and after its date and until the Bank resigns or is removed in accordance with the Bond Resolution; provided, however, that no such termination shall be effective until a successor has been appointed and has accepted the duties of the Bank hereunder.

The Bank may resign at any time by giving written notice thereof to the District. If the Bank shall resign, be removed or become incapable of acting, the District shall promptly appoint a successor Paying Agent and Bond Registrar. If an instrument of acceptance by a successor Paying Agent and Bond Registrar shall not have been delivered to the Bank within thirty (30) calendar days after the Bank gives notice of resignation, the Bank may petition any court of competent jurisdiction at the expense of the District for the appointment of a successor Paying Agent and Bond Registrar. In the event of resignation or removal of the Bank as Paying Agent and Bond Registrar, upon the written request of the District and upon payment of all amounts owing to the Bank hereunder the Bank shall deliver to the District or its designee all funds and unauthenticated Bonds, and a copy of the Bond Register. The provisions of Section 2.02 (but only to the extent that compensation to the Bank remains due and owing) and Section 6.08 hereof shall survive and remain in full force and effect following the termination of this Agreement.

Section 7.11. Governing Law. This Agreement shall be construed in accordance with and shall be governed by the laws of the State of California.

Section 7.12. Documents to be Filed with Bank. At the time of the Bank's appointment as Paying Agent and Bond Registrar, the District shall file with the Bank the following documents: (a) a certified copy of the Bond Resolution and a specimen Bond; (b) a copy of the opinion of bond counsel provided to the District in connection with the issuance of the Bonds; and (c) a District Request containing written instructions to the Bank with respect to the issuance and delivery of the Bonds, including the names of the Registered Owners and the denominations of the Bonds.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

SONOMA VALLEY HEALTH CARE DISTRICT

By _____
Name _____
Title _____

THE BANK OF NEW YORK MELLON TRUST
COMPANY, N.A., as Paying Agent

By _____
Juliana Haidary
Associate Client Service Manager

EXHIBIT A

DEBT SERVICE SCHEDULE

Interest Payment Date	Principal	Interest	Total
02/01/2022	—	\$ 129,044.08	\$ 129,044.08
08/01/2022	\$ 1,415,000.00	141,633.75	1,556,633.75
02/01/2023	—	128,969.50	128,969.50
08/01/2023	1,450,000.00	128,969.50	1,578,969.50
02/01/2024	—	115,992.00	115,992.00
08/01/2024	1,480,000.00	115,992.00	1,595,992.00
02/01/2025	—	102,746.00	102,746.00
08/01/2025	1,520,000.00	102,746.00	1,622,746.00
02/01/2026	—	89,142.00	89,142.00
08/01/2026	1,560,000.00	89,142.00	1,649,142.00
02/01/2027	—	75,180.00	75,180.00
08/01/2027	1,600,000.00	75,180.00	1,675,180.00
02/01/2028	—	60,860.00	60,860.00
08/01/2028	1,640,000.00	60,860.00	1,700,860.00
02/01/2029	—	46,182.00	46,182.00
08/01/2029	1,680,000.00	46,182.00	1,726,182.00
02/01/2030	—	31,146.00	31,146.00
08/01/2030	1,720,000.00	31,146.00	1,751,146.00
02/01/2031	—	15,752.00	15,752.00
08/01/2031	1,760,000.00	15,752.00	1,775,752.00
Total	<u>\$15,825,000.00</u>	<u>\$1,602,616.83</u>	<u>\$17,427,616.83</u>

EXHIBIT B

INITIAL REQUISITION FOR THE PAYMENT OF COSTS OF ISSUANCE

\$15,825,000
SONOMA VALLEY HEALTH CARE DISTRICT
(Sonoma County, California)
2021 General Obligation Refunding Bonds

WRITTEN REQUEST NO. 1 FOR
DISBURSEMENT FROM COSTS OF ISSUANCE FUND

The undersigned hereby states and certifies:

(i) that the undersigned is the duly elected and qualified Chief Financial Officer of the Sonoma Valley Health Care District, a healthcare district duly created and existing pursuant to the laws of the State of California (the "District"), and as such, is familiar with the facts herein certified and is authorized and qualified to certify the same on behalf of the District;

(ii) that, pursuant to Section 3.02 of Resolution No. _____, adopted by the Board of Directors of the District on July 27, 2021 (the "Resolution") and that certain Paying Agent/Bond Registrar/Costs of Issuance Agreement, dated August 5, 2021, by and between the District and The Bank of New York Mellon Trust Company, N.A., as paying agent (the "Paying Agent"), the paying agent is hereby requested to disburse on this date, from the Costs of Issuance Fund established pursuant to the Resolution, to the payees set forth on Schedule A attached hereto and by this reference incorporated herein, at the addresses identified thereon, the amount set forth opposite such payee for payment or reimbursement of Costs of Issuance;

(iii) that each item of cost identified herein has been properly incurred, constitutes payment of Costs of Issuance and has not been the basis of any previous disbursement; and

(iv) that attached hereto is an invoice for each disbursement to be made pursuant to this Written Request.

Capitalized terms used herein and not otherwise defined shall have the meanings ascribed thereto in the Resolution.

Dated: August 5, 2021

SONOMA VALLEY HEALTH CARE DISTRICT

By _____
Name _____
Title _____

SCHEDULE A

WRITTEN REQUEST NO. 1
COSTS OF ISSUANCE DISBURSEMENTS

Payee Name and Address

Purpose of Obligation

Amount

EXHIBIT E

FORM OF ESCROW AGREEMENT

This Escrow Agreement (this "Escrow Agreement"), dated August 5, 2021, is by and between the SONOMA VALLEY HEALTH CARE DISTRICT, a local health care district duly created and existing pursuant to the laws of the State of California (the "District"), and THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., a national banking association organized and existing under the laws of the United States of America, as escrow bank (the "Escrow Bank").

WITNESSETH:

WHEREAS, on August 10, 2010, the District issued its "Sonoma Valley Health Care District (Sonoma County, California) General Obligation Bonds, Election of 2008, Series B (2010) (the "2010 Bonds"), in the original principal amount of \$23,000,000, issued to finance the acquisition and improvement of real property for hospital purposes, of which \$15,600,000 principal amount remains outstanding;

WHEREAS, the 2010 Bonds were issued under and pursuant to a resolution of the Board of Directors of the District, adopted on July 8, 2010 (the "2010 Bond Resolution");

WHEREAS, pursuant to Article 9 of Chapter 3 (commencing with section 53550) of Division 2 of Title 5 of the California Government Code (the "Act"), the District is empowered to issue general obligation refunding bonds;

WHEREAS, the District has determined that it is in the best interests of the District to refund, on a current basis, the outstanding 2010 Bonds;

WHEREAS, the District, by resolution adopted on July 27, 2021 (the "Refunding Bond Resolution"), has authorized the issuance and sale of the District's \$15,825,000 2021 General Obligation Refunding Bonds (the "2021 Refunding Bonds"), and has determined to use a portion of the proceeds of the 2021 Refunding Bonds to provide for the redemption of the outstanding 2010 Bonds in full on August 27, 2021 (the "Redemption Date"), at a redemption price equal to 100% of principal amount thereof, together with accrued interest to such date (the "Redemption Price");

WHEREAS, the District, in the Refunding Bond Resolution, has directed that a portion of the proceeds of the sale of the 2021 Refunding Bonds be deposited hereunder, and that such amount will be in an amount sufficient to redeem the 2010 Bonds as described above; and

WHEREAS, the Escrow Bank has full powers to perform the duties and obligations to be undertaken by it pursuant to this Escrow Agreement;

NOW, THEREFORE, in consideration of the foregoing and of the mutual covenants herein set forth, the parties hereto do hereby agree as follows:

Section 1. Discharge of Bonds. The District hereby certifies, pursuant to the 2010 Bond Resolution, that it irrevocably elects to pay and discharge all indebtedness payable by the District under the 2010 Bond Resolution with respect to the 2010 Bonds, and to terminate all obligations of the District thereunder with respect thereto.

Section 2. Escrow Fund.

(a) There is hereby established a special fund, to be held in trust by the Escrow Bank for the benefit of the owners of the 2010 Bonds, to be known as the "Escrow Fund." Upon the issuance of the 2021 Refunding Bonds, there shall be deposited into the Escrow Fund an amount equal to \$15,647,750.08, derived from the proceeds of the 2021 Refunding Bonds.

(b) The Escrow Bank shall hold all amounts deposited in the Escrow Fund in cash, uninvested. The cash shall be deposited with and held by the Escrow Bank in the Escrow Fund solely for the uses and purposes set forth herein.

(c) The Escrow Bank shall not be liable or responsible for any loss resulting from its full compliance with the provisions of this Escrow Agreement.

(d) Any money left on deposit in the Escrow Fund after redemption of the 2010 Bonds, and the payment of all amounts due to the Escrow Bank hereunder, shall be transferred to the paying agent of the 2021 Refunding Bonds and applied to the payment of debt service on the 2021 Refunding Bonds.

Section 3. Instructions as to Application of Deposit; Notice of Defeasance; Notice of Redemption.

(a) The moneys deposited in the Escrow Fund pursuant to Section 2 shall be applied by the Escrow Bank for the sole purpose of redeeming the outstanding 2010 Bonds in full on the Redemption Date at the Redemption Price, as set forth in Exhibit A attached hereto and by this reference incorporated herein.

(b) The Escrow Bank, in its capacity as paying agent for the 2010 Bonds, has previously been requested to give notice of the redemption of the 2010 Bonds and Escrow Bank, in its capacity as paying agent for the 2010 Bonds, has done so.

The Escrow Bank, in its capacity as paying agent for the 2010 Bonds is hereby requested, and the Escrow Bank, as paying agent for the 2010 Bonds, hereby agrees to give timely notice of the defeasance of the 2010 Bonds in the form of defeasance notice attached hereto as Exhibit B.

Section 4. Compensation to Escrow Bank. The District shall pay the Escrow Bank full compensation for its duties under this Escrow Agreement, including out-of-pocket costs such as publication costs, prepayment or redemption expenses, legal fees and other costs and expenses relating hereto. Under no circumstances shall amounts deposited in the Escrow Fund be deemed to be available for said purposes.

Section 5. Liabilities and Obligations of Escrow Bank. The Escrow Bank shall have no obligation to make any payment or disbursement of any type or incur any financial liability in the performance of its duties under this Escrow Agreement unless the District shall have deposited sufficient funds with the Escrow

Bank. The Escrow Bank may rely and shall be protected in acting upon the written instructions of the District or its agents relating to any matter or action as Escrow Bank under this Escrow Agreement.

The Escrow Bank and its respective successors, assigns, agents and servants shall not be held to any personal liability whatsoever, in tort, contract, or otherwise, in connection with the execution and delivery of this Escrow Agreement, the establishment of the Escrow Fund, the acceptance of the moneys deposited therein, the sufficiency of the uninvested moneys held hereunder to accomplish the purposes set forth herein, or any payment, transfer or other application of moneys by the Escrow Bank in accordance with the provisions of this Escrow Agreement or by reason of any non-negligent act, non-negligent omission or non-negligent error of the Escrow Bank made in good faith in the conduct of its duties. The recitals of fact contained in the "whereas" clauses herein shall be taken as the statement of the District, and the Escrow Bank assumes no responsibility for the correctness thereof. The Escrow Bank makes no representations as to the sufficiency of the uninvested moneys to accomplish the purposes set forth herein or to the validity of this Escrow Agreement as to the District and, except as otherwise provided herein, the Escrow Bank shall incur no liability in respect thereof. The Escrow Bank shall not be liable in connection with the performance of its duties under this Escrow Agreement except for its own negligence, willful misconduct or default, and the duties and obligations of the Escrow Bank shall be determined by the express provisions of this Escrow Agreement. The Escrow Bank may consult with counsel, who may or may not be counsel to the District, and in reliance upon the written opinion of such counsel shall have full and complete authorization and protection in respect of any action taken, suffered or omitted by it in good faith in accordance therewith. Whenever the Escrow Bank shall deem it necessary or desirable that a matter be proved or established prior to taking, suffering, or omitting any action under this Escrow Agreement, such matter (except the matters set forth herein as specifically requiring a certificate of a nationally recognized firm of independent certified public accountants or an opinion of counsel) may be deemed to be conclusively established by a written certification of the District. The Escrow Bank may conclusively rely and shall be fully protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, consent, order, approval or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties.

Anything in this Escrow Agreement to the contrary notwithstanding, in no event shall the Escrow Bank be liable for special, indirect, punitive or consequential loss or damage of any kind whatsoever (including but not limited to lost profits), even if the Escrow Bank has been advised of the likelihood of such loss or damage and regardless of the form of action.

The Escrow Bank agrees to accept and act upon instructions or directions pursuant to this Escrow Agreement sent by unsecured e-mail, facsimile transmission or other similar unsecured electronic methods, provided, however, that, the Escrow Bank shall have received an incumbency certificate listing persons designated to give such instructions or directions and containing specimen signatures of such designated persons, which such incumbency certificate shall be amended and replaced whenever a person is to be added or deleted from the listing. If the District elects to give the Escrow Bank e-mail or facsimile instructions (or instructions by a similar electronic method) and the Escrow Bank in its discretion elects to act upon such instructions, the Escrow Bank's understanding of such instructions shall be deemed controlling. The Escrow Bank shall not be liable for any losses, costs or expenses arising directly or indirectly from the Escrow Bank's reliance upon and compliance with such instructions notwithstanding such instructions conflict or are inconsistent with a subsequent written instruction. The District agrees to assume all risks arising out of the use of such electronic methods to submit instructions and directions to the Escrow Bank, including without

limitation the risk of the Escrow Bank acting on unauthorized instructions, and the risk of interception and misuse by third parties.

The District hereby assumes liability for, and hereby agrees (whether or not any of the transactions contemplated hereby are consummated), to the extent permitted by law, to indemnify, protect, save and hold harmless the Escrow Bank and its respective successors, assigns, agents, servants, employees, directors and officers from and against any and all liabilities, obligations, losses, damages, penalties, claims, actions, suits, costs, expenses and disbursements (including legal fees and disbursements) of whatsoever kind and nature which may be imposed on, incurred by, or asserted against, at any time, the Escrow Bank (whether or not also indemnified against by any other person under any other agreement or instrument) and in any way relating to or arising out of the execution and delivery of this Escrow Agreement, the establishment of the Escrow Fund, the retention of the moneys therein and any payment, transfer or other application of moneys by the Escrow Bank in accordance with the provisions of this Escrow Agreement, or as may arise by reason of any act, omission or error of the Escrow Bank made in good faith in the conduct of its duties; provided, however, that the District shall not be required to indemnify the Escrow Bank against its own negligence or misconduct. The indemnities contained in this Section 5 shall survive the termination of this Escrow Agreement or the resignation or removal of the Escrow Bank.

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 Escrow Bank will furnish the District monthly cash transaction statements which include detail for all investment transactions made by the Escrow Bank hereunder.

No provision of this Escrow Agreement shall require the Escrow Bank to expend or risk its own funds or otherwise incur any financial liability in the performance or exercise of any of its duties hereunder, or in the exercise of its rights or powers.

The Escrow Bank may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents, attorneys, custodians or nominees appointed with due care and shall not be responsible for any willful misconduct or negligence on the part of any agent, attorney, custodian or nominee so appointed.

The District may remove the Escrow Bank initially appointed, and any successor thereto, and may appoint a successor or successors thereto, but any such successor shall be a bank or trust company doing business in the State of California, having a combined capital (exclusive of borrowed 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 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 purposes of this Section 5 the combined capital and surplus of such bank or trust company shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published.

The Escrow Bank may at any time resign by giving thirty (30) calendar days written notice of resignation to the District. Upon receiving such notice of resignation, the District shall promptly appoint a successor and, upon the acceptance by the successor of such appointment, release the resigning Escrow Bank from its obligations hereunder by written instrument, a copy of which instrument shall be delivered to each of the District, the resigning Escrow Bank and the successor. If no successor shall have been so

appointed and have accepted appointment within thirty (30) calendar days after the giving of such notice of resignation, the resigning Escrow Bank may petition any court of competent jurisdiction for the appointment of a successor

Section 6. Amendment. This Escrow Agreement may be modified or amended at any time by a supplemental agreement which shall become effective when the written consents of the owners of one hundred percent (100%) in aggregate principal amount of the 2010 Bonds shall have been filed with the Escrow Bank. This Escrow Agreement may be modified or amended at any time by a supplemental agreement, without the consent of any such owners, but only (1) to add to the covenants and agreements of any party, other covenants to be observed, or to surrender any right or power herein or therein reserved to the District, (2) to cure, correct or supplement any ambiguous or defective provision contained herein, or (3) in regard to questions arising hereunder or thereunder, as the parties hereto or thereto may deem necessary or desirable and which, in the opinion of counsel, shall not materially adversely affect the interests of the owners of the 2010 Bonds or the 2021 Refunding Bonds, and that such amendment will not cause interest on the 2010 Bonds or the 2021 Refunding Bonds to become subject to federal income taxation. In connection with any contemplated amendment or revocation of this Escrow Agreement, prior written notice thereof and draft copies of the applicable legal documents shall be provided by the District to each rating agency then rating the 2010 Bonds.

Section 7. Severability. If any section, paragraph, sentence, clause or provision of this Escrow Agreement shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, sentence clause or provision shall not affect any of the remaining provisions of this Escrow Agreement. Notice of any such invalidity or unenforceability shall be provided to each rating agency then rating the 2010 Bonds.

Section 8. Notice of Escrow Bank and District. Any notice to or demand upon the Escrow Bank may be served and presented, and such demand may be made, at the principal corporate trust office of the Escrow Bank as specified by the Escrow Bank as paying agent for the 2010 Bonds in accordance with the provisions of the 2010 Bond Resolution. Any notice to or demand upon the District shall be deemed to have been sufficiently given or served for all purposes by being mailed by first class mail, and deposited, postage prepaid, in a post office letter box, addressed to such party as provided in the 2010 Bond Resolution (or such other address as may have been filed in writing by the District with the Escrow Bank).

Section 9. Merger or Consolidation of Escrow Bank. Any company into which the Escrow Bank 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 Escrow Bank may sell or transfer all or substantially all of its corporate trust business, provided such company shall be eligible to act as trustee under the 2010 Bond Resolution, shall be the successor hereunder to the Escrow Bank without the execution or filing of any paper or any further act.

Section 10. Execution in Several Counterparts. This Escrow Agreement 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 shall together constitute but one and the same instrument.

Section 11. Business Days. Whenever any act is required by this Escrow Agreement to be done on a specified day or date, and such day or date shall be a day other than a business day for the Escrow Bank, then such act may be done on the next succeeding business day.

Section 12. Governing Law. This Escrow Agreement shall be construed and governed in accordance with the laws of the State of California.

This Agreement to be executed in their respective names by their respective duly authorized officers, all as of the day and year first above written.

SONOMA VALLEY HEALTH CARE DISTRICT

By _____
Name _____
Title _____

THE BANK OF NEW YORK MELLON TRUST
COMPANY, N.A., as Escrow Bank

By _____
Milly P. Canessa
Vice President

EXHIBIT A

REDEMPTION SCHEDULE

<u>Date</u>	<u>Maturing Principal</u>	<u>Called Principal</u>	<u>Accrued Interest</u>	<u>Redemption Premium</u>	<u>Total Payment</u>
08/27/21	—	\$15,600,000	\$47,750.08	—	\$15,647,750.08

EXHIBIT B

FORM OF NOTICE OF DEFEASANCE

Sonoma Valley Health Care District
(Sonoma County, California)
General Obligation Bonds, Election of 2008, Series B (2010)

Issue Date	Maturity Date	Amount Defeased	CUSIP No.
8/10/10	8/1/22	\$1,245,000	835603 AX9
8/10/10	8/1/23	1,305,000	835603 AY7
8/10/10	8/1/24	1,365,000	835603 AZ4
8/10/10	8/1/25	1,430,000	835603 BA8
8/10/10	8/1/26	1,505,000	835603 BB6
8/10/10	8/1/27	1,580,000	835603 BC4
8/10/10	8/1/28	1,660,000	835603 BD2
8/10/10	8/1/31	5,510,000	835603 BE0

NOTICE IS HEREBY GIVEN, on behalf of the Sonoma Valley Health Care District (the "District") to the holders of the outstanding Sonoma Valley Health Care District (Sonoma County, California) General Obligation Bonds, Election of 2008, Series B (2010) described above (the "Bonds"), that pursuant to the resolution authorizing the issuance of the Bonds (the "Resolution"), the lien of the Resolution with respect to the Bonds has been discharged through the irrevocable deposit of cash in an escrow fund (the "Escrow Fund"). The Escrow Fund has been established and is being maintained pursuant to that certain Escrow Agreement, dated August 5, 2021, by and between the District and The Bank of New York Mellon Trust Company, N.A., as escrow bank. As a result of such deposit, the Bonds are deemed to have been paid and defeased in accordance with the Resolution. The pledge of the funds provided for under the Resolution and all other obligations of the District to the owners of the defeased Bonds shall hereafter be limited to the application of moneys in the Escrow Fund for the payment of the principal and interest with respect to the Bonds as the same become due and payable as described below.

Amounts deposited in the Escrow Fund are calculated to provide sufficient moneys to redeem the outstanding Bonds in full on August 27, 2021 (the "Redemption Date"), at a redemption price equal to 100% of the principal amount thereof, plus accrued interest. From and after the Redemption Date, interest with respect to the Bonds shall cease to accrue and be payable.

Dated: _____, 2021

THE BANK OF NEW YORK
MELLON TRUST COMPANY, N.A.,
as Escrow Bank

EXHIBIT F

GOVERNMENT CODE SECTION 5852.1 DISCLOSURES

The following information consists of estimates that have been provided by the District's financial advisor and placement agent which has been represented to have been provided in good faith:

(A) True Interest Cost of the Bonds: 1.79%

(B) Finance Charges (Costs of Issuance): \$177,249.92

(C) Net Proceeds to be Received for the Bonds \$15,647,750.08
(net of finance charges)

(D) Net PV Savings as compared to the outstanding par amount of the 2010 Bonds: 12.386%

(E) Total Payment Amount through Maturity: \$17,427,616.83

The foregoing estimates constitute good faith estimates only.

The principal amount of the Bonds, the true interest cost of the Bonds, the finance charges thereof, the amount of proceeds received therefrom and total payment amount with respect thereto may differ from such good faith estimates due to (a) the actual date of the sale of the Bonds being different than the date assumed for purposes of such estimates, (b) the actual principal amount of Bonds sold being different from the estimated amount used for purposes of such estimates, (c) the actual amortization of the Bonds being different than the amortization assumed for purposes of such estimates, (d) the actual market interest rates at the time of sale of the Bonds being different than those estimated for purposes of such estimates, (e) other market conditions, or (f) alterations in the District's financing plan, or a combination of such factors. The actual date of sale of the Bonds and the actual principal amount of Bonds sold will be determined by the District based on the timing of the need for proceeds of the Bonds and other factors. The actual interest rates with respect to the Bonds will depend on market interest rates at the time of sale thereof. The actual amortization of the Bonds will also depend, in part, on market interest rates at the time of sale thereof. Market interest rates are affected by economic and other factors beyond the control of the financial advisor and placement agent.

SONOMA VALLEY HEALTH CARE DISTRICT

RESOLUTION NO. 360

RESOLUTION OF THE BOARD OF DIRECTORS OF SONOMA VALLEY HEALTH CARE DISTRICT APPROVING A DEBT MANAGEMENT POLICY

RESOLVED, by the Board of Directors (the "Board") of Sonoma Valley Health Care District (the "District"), Sonoma County, State of California, as follows:

WHEREAS, pursuant to the provisions of section 8855(i) of the California Government Code, prior to the issuance or incurrence of any debt, the District is required to adopt local debt policies concerning the use of debt and that any proposed debt issuance is consistent with those local debt policies; and

WHEREAS, a debt management policy has been developed for the District and the Board desires to adopt such policy in connection with any proposed debt of the District;

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

Section 1. The debt management policy, in the form attached hereto as Exhibit A (the "Debt Policy"), is hereby adopted by the Board for the District. The Debt Policy has been developed to provide guidance in the issuance and management of debt by the District or its related entities and is intended to comply with section 8855(i) of the California Government Code effective on January 1, 2017. The main objectives are to establish conditions for the use of debt, to ensure that debt capacity and affordability are adequately considered, to minimize the District's interest and issuance costs, to maintain the highest possible credit rating, to provide complete financial disclosure and reporting and to maintain financial flexibility for the District.

Section 2. The Board Chair, the Board Treasurer, the District's Chief Executive Officer, the District's Chief Financial Officer and other appropriate officials of the District are hereby authorized and directed to take any actions and execute and deliver any and all documents as are necessary to accomplish the provisions and directives of this Resolution.

Section 3. This Resolution shall be effective upon adoption by the Board.

* * * * *

I, the undersigned Secretary of the Board of Directors of the Sonoma Valley Health Care District, hereby certify that the foregoing is a full, true and correct copy of a resolution adopted by the Board at a meeting thereof on the 27th day of July, 2021, by the following vote of the members thereof:

AYES:

NOES:

ABSTAIN:

ABSENT:

Secretary

EXHIBIT A

SONOMA VALLEY HEALTH CARE DISTRICT

DEBT MANAGEMENT POLICY

This Debt Management Policy (the "Debt Policy") of SONOMA VALLEY HEALTH CARE DISTRICT (the "District") was approved by the Board of Directors of the District (the "Board") on July 27, 2021. The Debt Policy may be amended by the Board as it deems appropriate from time to time in the prudent management of the debt of the District.

This Debt Policy will also apply to any debt issued by any other public agency for which the Board acts as its legislative body.

The Debt Policy has been developed to provide guidance in the issuance and management of debt by the District or its related entities and is intended to comply with Section 8855(i) of the California Government Code effective on January 1, 2017. The main objectives are to establish conditions for the use of debt; to ensure that debt capacity and affordability are adequately considered; to minimize the District's interest and issuance costs; to maintain the highest possible credit rating; to provide complete financial disclosure and reporting; and to maintain financial flexibility for the District.

Debt, properly issued and managed, is a critical element in any financial management program. It assists in the District's effort to allocate limited resources to provide the highest quality of service to the public. The District understands that poor debt management can have ripple effects that hurt other areas of the District. On the other hand, a properly managed debt program promotes economic growth and enhances the vitality of the District for its residents and businesses.

1. Findings

This Debt Policy shall govern all debt undertaken by the District. The District hereby recognizes that a fiscally prudent debt policy is required in order to:

- Maintain the District's sound financial position.
- Ensure the District has the flexibility to respond to changes in future service priorities, revenue levels, and operating expenses.
- Protect the District's credit-worthiness.

- Ensure that all debt is structured in order to protect both current and future taxpayers and constituents of the District.
- Ensure that the District's debt is consistent with the District's planning goals and objectives and capital improvement program or budget, as applicable.
- Encourage those that benefit from a facility/improvement to pay the cost of that facility/improvement without the need for the expenditure of limited general fund resources.

2. Policies

A. Purposes for Which Debt May Be Issued

The District will consider the use of debt financing primarily for capital improvement projects ("CIP"), including equipment. An exception to this CIP driven focus is the issuance of short-term instruments such as tax and revenue anticipation notes, which are to be used for prudent cash management purposes and conduit financing, as described below. Debt should not be issued for projects with minimal public benefit or to finance normal operating expenses.

(i) Long-Term Debt. Long-term debt may be issued to finance or refinance the construction, acquisition, and rehabilitation of capital improvements and facilities, equipment and land to be owned and/or operated by the District.

(a) Long-term debt financings are appropriate when the following conditions exist:

- When the project to be financed is necessary to provide basic and/or specialized services.
- When the project to be financed will provide benefit to constituents over multiple years.
- When total debt does not constitute an unreasonable burden to the District, its taxpayers and patients.
- When the debt is used to refinance outstanding debt in order to produce debt service savings or to realize the benefits of a debt restructuring.

(b) Long-term debt financings will not generally be considered appropriate for current operating expenses and routine maintenance expenses.

(c) The District may use long-term debt financings subject to the following conditions:

- The project to be financed has been or will be approved by the Board.

- The weighted average maturity of the debt (or the portion of the debt allocated to the project) will not exceed the average useful life of the project to be financed unless specific conditions exist that would mitigate the extension of time to repay the debt and it would not cause the District to violate any covenants to maintain the tax-exempt status of such debt, if applicable.
- The District estimates that sufficient income or revenues will be available to service the debt through its maturity.
- The District determines that the issuance of the debt will comply with the applicable requirements of state and federal law.
- The District considers the improvement/facility to be of vital, time-sensitive need of the community and there are no plausible alternative funding sources.

(d) Periodic reviews of outstanding long-term debt will be undertaken to identify refunding opportunities. Refundings will be considered (within federal tax law constraints) if and when there is a net economic benefit of the refunding. Refundings which are non-economic may be undertaken to achieve District objectives relating to changes in covenants, call provisions, operational flexibility, tax status of the District or its debt profile.

In general, refundings which produce a net present value savings of at least four percent of the outstanding principal amount of the refunded debt will be considered economically viable. Refundings which produce a net present value savings of less than four percent or negative savings will be considered on a case-by-case basis and are subject to special circumstances.

(ii) Short-term debt. Short-term borrowings may be issued to generate funding for cash flow needs in the form of Tax and Revenue Anticipation Notes ("TRAN") and lines of credit.

Short-term borrowings, such as commercial paper, and lines of credit, will be considered as an interim source of funding in anticipation of long-term borrowing or cash flow repayment. Short-term debt may be issued for any purpose for which long-term debt may be issued, including capitalized interest and other financing-related costs. Prior to issuance of the short-term debt, a reliable revenue source shall be identified to secure repayment of the debt. The final maturity of the debt issued to finance the project shall be consistent with the economic or useful life of the project and, unless the Board determines that extraordinary circumstances exist, must not exceed seven years.

Short-term debt may also be used to finance short-lived capital projects; for example,

the District may undertake lease-purchase financing for equipment, and such equipment leases may be longer than seven years.

(iii) Financings on Behalf of Other Entities. The District may also find it beneficial to issue debt on behalf of other governmental agencies or private third parties in order to further the public purposes of the District. In such cases, the District shall take reasonable steps to confirm the financial feasibility of the project to be financed and the financial solvency of any borrower and that the issuance of such debt is consistent with the policies set forth herein. In no event will the District incur any liability or assume responsibility for payment of debt service on such debt.

B. Types of Debt

In order to maximize the financial options available to benefit the public, it is the policy of the District to allow for the consideration of issuing all generally accepted types of debt, including, but not exclusive to the following:

- General Obligation Bonds ("GO Bonds"): GO Bonds are suitable for use in the construction or acquisition of improvements to real property that benefit the public at large. Examples of projects include hospitals, clinics, and other public safety facilities. All GO Bonds shall be authorized by the requisite number of votes in order to pass.
- Revenue Bonds: Revenue Bonds are limited-liability obligations tied to a specific enterprise or special fund revenue stream where the projects financed clearly benefit or relate to the enterprise or are otherwise permissible uses of the special revenue. Generally, no voter approval is required to issue this type of obligation.
- Lease-Backed Debt/Certificates of Participation ("COP"): Issuance of Lease-backed debt is a commonly used form of debt that allows a public entity to finance projects where the debt service is secured via a lease or installment sale agreement and where the payments are budgeted in the annual budget of the District from the general fund. COPs do not constitute indebtedness under the state or the District's constitutional debt limit and do not require voter approval.

The District may from time to time find that other forms of debt would be beneficial to further its public purposes and may approve such debt without an amendment of this Debt Policy.

To maintain a predictable debt service burden, the District will give preference to debt that carries a fixed interest rate. An alternative to the use of fixed rate debt is variable rate debt. The District may choose to issue debt that pays a rate of interest that varies according to a pre-determined formula or results from a periodic remarketing of securities. When making the determination to issue debt in a variable rate mode, consideration will

be given in regard to the useful life of the project or facility being financed or the term of the project requiring the funding, market conditions, credit risk and third-party risk analysis, and the overall debt portfolio structure when issuing variable rate debt for any purpose. The maximum amount of variable rate debt should be limited to no more than 20 percent of the total debt portfolio.

The District should not employ derivatives, such as interest rate swaps, in its debt program. A derivative product is a financial instrument which derives its own value from the value of another instrument, usually an underlying asset such as a bond or an underlying reference such as an interest rate. Derivatives are commonly used as hedging devices in managing interest rate risk and thereby reducing borrowing costs. However, these products bear certain risks not associated with standard debt instruments.

C. Relationship of Debt to Capital Improvement Program and Budget

The District intends to issue debt for the purposes stated in this Debt Policy and to implement policy decisions incorporated in the District's capital budget and the capital improvement plan.

The District will strive to fund the upkeep and maintenance of its infrastructure and facilities due to normal wear and tear through the expenditure of available operating revenues. The District shall seek to avoid the use of debt to fund infrastructure and facilities improvements that are the result of normal wear and tear, unless a specific revenue source has been identified for this purpose, such as parcel tax funds.

The District shall integrate its debt issuances with the goals of its capital improvement program by timing the issuance of debt to ensure that projects are available when needed in furtherance of the District's public purposes.

The District shall seek to issue debt in a timely manner to avoid having to make unplanned expenditures for capital improvements or equipment from its general fund.

D. Policy Goals Related to Planning Goals and Objectives

The District is committed to financial planning, maintaining appropriate reserve levels and employing prudent practices in governance, management and budget administration. The District intends to issue debt for the purposes stated in this Debt Policy and to implement policy decisions incorporated in the District's annual operating budget.

It is a policy goal of the District to protect taxpayers and constituents by utilizing conservative financing methods and techniques so as to obtain the highest practical credit ratings and the lowest practical borrowing costs.

The District will comply with applicable state and federal law as it pertains to the maximum term of debt and the procedures for levying and imposing any related taxes, assessments, rates and charges.

Except as described in Section 2.A., when refinancing debt, it shall be the policy goal of the District to realize, whenever possible, and subject to any overriding non-financial policy considerations minimum net present value debt service savings equal to or greater than 4% of the principal amount of the debt being refinanced.

E. Internal Control Procedures

When issuing debt, in addition to complying with the terms of this Debt Policy, the District shall comply with any other applicable policies regarding initial bond disclosure, continuing disclosure, post-issuance compliance, and investment of bond proceeds.

The District will periodically review the requirements of and will remain in compliance with the following:

- any continuing disclosure undertakings under SEC Rule 15c2-12,
- any federal tax compliance requirements, including without limitation arbitrage and rebate compliance, related to any prior bond issues, and
- the District's investment policies as they relate to the investment of bond proceeds.

Whenever reasonably possible, proceeds of debt will be held by a third-party trustee and the District will submit written requisitions for such proceeds. The District will submit a requisition only after obtaining the signature of the Chief Executive Officer or the Chief Financial Officer.

F. Waivers of Debt Policy

There may be circumstances from time to time when strict adherence to a provision of this Debt Policy is not possible or in the best interests of the District and the failure of a debt financing to comply with one or more provisions of this Debt Policy shall in no way affect the validity of any debt issued by the District in accordance with applicable laws.