



AGENDA
CITY OF EL CENTRO
FINANCING AUTHORITY
NOVEMBER 21, 2017

City Hall	Regular Meeting	6:00 PM
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CITY HALL
COUNCIL CHAMBERS
1275 MAIN STREET
EL CENTRO, CA 92243

Financing Authority Members may be reached at (760) 336-8989

Chairperson:	Cheryl Viegas-Walker	Executive Director: Marcela Piedra
Vice Chairperson:	Edgard Garcia	City Attorney: Elizabeth Martyn Evans
Agency Members:	Efrain Silva	Secretary: L. Diane Caldwell
	Jason Jackson	
	Alex Cardenas	

This is a Public Meeting. If there is an item on the Agenda on which you wish to be heard, you are asked to complete a blue speaker slip and submit it to the Secretary prior to the start of the meeting. **Persons wishing to address the Financing Authority are not required to identify themselves (Government Code §54953.3); however, this information assists the Chairperson by ensuring that all persons wishing to address the Agency are recognized and also assists the Secretary in preparing the Financing Authority meeting minutes.** When the item is announced and your name is called, please step to the podium and state your name for the record. Unless the Chairperson extends the time, there is a three (3) minute time limit for each public presentation. If you wish to address the Financing Authority, concerning any other matter not appearing on the agenda, you may do so during the public comment portion of the agenda.

6:00 P.M. OPEN SESSION

ALL TIMES ARE APPROXIMATE AND MAY VARY

CALL TO ORDER:

ROLL CALL BY CITY CLERK

PLEDGE OF ALLEGIANCE

INVOCATION

CONSENT AGENDA

Consent agenda items are approved by one motion. Council members or members of the public may pull consent items to be considered separately at a time determined by the Mayor.

1. Approve Second Amendment to Forbearance Agreement and Release with Key Government Finance, Inc., Comerica Bank, the El Centro Regional Medical Center, El Centro Financing Authority, and MUFG Union Bank, N.A. (the bond Trustee)

NEW BUSINESS

PUBLIC COMMENTS

*The City Council welcomes your input. At this time, members of the public may address the City Council on any matter not listed on the posted agenda. Pursuant to the Brown Act, no action will be taken on any issue brought forth under Public Comments. We ask that you please complete a "Speaker Slip" and submit it to the City Clerk prior to the start of the meeting. Although you are not required to identify yourself (Gov't Code §54953.3); this information on the "Speaker Slip" assists the Mayor that all persons wishing to address the Council are recognized and also assists the City Clerk in preparing the City Council meeting minutes. Unless the Mayor extends the time, there is a three (3) minute time limit for each public presentation. * Any information provided on the "Speaker Slip" is voluntary and will be public record.*

ADJOURNMENT



**SCHEDULED
ACTION ITEM (ID # 2520)**

Approve Second Amendment to Forbearance Agreement and Release with Key Government Finance, Inc., Comerica Bank, the El Centro Regional Medical Center, El Centro Financing Authority, and MUFG Union Bank, N.A. (the bond Trustee)

CITY MANAGER'S RECOMMENDATION:

Approve Second Amendment to Forbearance Agreement and Release with Key Government Finance, Inc., Comerica Bank, the El Centro Regional Medical Center, El Centro Financing Authority, and MUFG Union Bank, N.A. (the bond Trustee)

FISCAL IMPACT:

None

STRATEGIC PLANNING PROGRAM 2013-2018 RELATION:

N/A

DUE DILIGENCE CHECK FOR CONTRACTORS/CONSULTANTS: DID THE DEPARTMENT VERIFY CURRENT EL CENTRO BUSINESS LICENSE, CONTRACTORS LICENSE, REFERENCE CHECKS, INSURANCE, ETC:

N/A

BACKGROUND:

In 2015, the El Centro Financing Authority issued approximately \$50 million in revenue refunding bonds: \$25 million to Key Government Finance, Inc. ("Key") and \$25 million to Comerica Bank ("Comerica"). The bond proceeds are being used to build the Medical Office Building currently under construction, ECRMC currently pays interest of 3.05% on the Key bonds and the LIBOR rate on the Comerica bonds. At no time has ECRMC failed to make any bond payment when due.

DISCUSSION:

The bonds contain financial covenants, including the covenant ECRMC will maintain a debt service coverage ratio of 1:35 to 1:00 (which is a high ratio). In the quarter that ended December 31, 2016, ECRMC's ratio was 1:24 to 1:00. Key and Comerica ("Banks") provided waivers of the technical violation of the bond covenant for the quarter ended December 31, 2016. For the quarters ended March 31, 2017 and June 30, 2017, and now for the next two quarters, ECRMC again fell under the required coverage ratio. Therefore, the Banks have the right to declare the principal and accrued interest on both bonds outstanding to become immediately due and payable. In the Forbearance Agreement dated June 28, 2017, the Banks agreed to forbear from exercising their rights with respect to the identified debt service coverage ratio-related defaults, if ECRMC agrees to certain provisions, as set forth in the Forbearance Agreement and Release (the "Agreement"). That Agreement was extended in September.

This Second Amendment continues that Agreement to allow time for ECRMC and the Banks to work out a refinancing (and additional bond issue) on more favorable terms. The Second Amendment terminates on December 15, 2017.

The action requested of the City and Financing Authority is to carry out bond covenants agreed-upon in 2015. There are no new obligations or costs imposed on either the City or the Financing Authority. The City does not have a legal obligation to make ECRMC bond payments (and they are not in default); the City is involved because the Hospital is an enterprise operation of the City.

The key provisions of the Second Agreement generally are the same as for the Agreement and are summarized as follows:

- (1) As required by the banks, ECRMC at its expense retained Huron Consulting to assess ECRMC's business plan, prepare a financial viability analysis, prepare financial projections, give input to ECRMC's bond advisor regarding refinancing options, and assess the depth of the management team to implement performance improvement. The Huron Consulting financial and operation assessments have been completed and will be the basis for the refinancing and new issuance to be discussed in December.
- (2) The increased interest rate of 4% on the Key bonds, and from LIBOR to LIBOR + 3% on the Comerica bonds shall continue to apply during the term of the Second Amendment.
- (3) ECRMC, the City and the Authority (called "El Centro" in the Agreement) release the Banks from any possible claims against them related to the Banks' enforcement of their rights under the bond documents or the Agreement.
- (6) ECRMC will continue to provide any other reasonable reporting requested by the Banks.

MUFG Union Bank, N.A. has been designated by the Banks as the Trustee under the bond documents, and has approved the 2nd Amendment to the Agreement.

The ECRMC Board authorized Dr. Edward to execute the 2nd Amendment to the Agreement and he did so on November 14, 2017. The City and Financing Authority now must agree to and execute the Second Amendment or the Banks may exercise certain additional remedies.

CONCLUSION:

Approve Second Amendment to Forbearance Agreement and Release with Key Government Finance, Inc., Comerica Bank, the El Centro Regional Medical Center, El Centro Financing Authority, and MUFG Union Bank, N.A. (the bond Trustee)

ATTACHMENTS:

- Second Amendment to Forbearance Agreement and Release executed by ECRMC (PDF)

SECOND AMENDMENT TO FORBEARANCE AGREEMENT AND RELEASE

This SECOND AMENDMENT TO FORBEARANCE AGREEMENT AND RELEASE (this “**Amendment**”) is made this 10th day of November, 2017 and is entered into by and among Key Government Finance, Inc. (“**Key**”), Comerica Bank (“**Comerica**”), the City of El Centro (the “**City**”), El Centro Regional Medical Center, an agency of the City (the “**Medical Center**”), El Centro Financing Authority (the “**Authority**”) and MUFG Union Bank, N.A., in its capacity as trustee (the “**Trustee**”). Key and Comerica are sometimes referred to herein collectively as the “**Borrowers**” and the City, the Medical Center and the Authority are sometimes referred to herein collectively as “**El Centro.**” The above named parties to this Amendment are referred to herein individually as a “**Party**” and collectively as the “**Parties.**”

RECITALS

A. The Parties entered into a Forbearance Agreement and Release dated June 28, 2017 (as amended by an Amendment to Forbearance Agreement and Release dated September 12, 2017, the “**Agreement**”). All capitalized terms not defined in this Amendment shall have the meanings described in the Agreement or the Bond Documents.

B. As of November 10, 2017 the Liabilities include, but are not limited to, the following:

<u>Bonds</u>	<u>Principal</u>	<u>Interest</u>
Series 2015A Bonds	\$23,145,000.00	\$317,279.38
Series 2015B Bonds	\$21,095,000.00	\$32,919.48

The amounts set forth above are exclusive of interest accruing after November 10, 2017, and costs and any Liabilities other than principal and interest.

C. Bondowners have agreed to continue to temporarily forbear from exercising certain of their respective rights and remedies under the Bond Documents with respect to the Identified Defaults only, subject to the terms and conditions of the Agreement as amended by this Amendment. Except as expressly modified hereby, the terms of the Agreement remain in full force and effect, and are incorporated herein by reference.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereto agree as follows:

AGREEMENT

1. The Recitals set forth above are incorporated herein by this reference as are all exhibits and schedules attached hereto, and the Parties agree that the information set forth in the Recitals is true and correct. Further, El Centro admits the facts set forth in the Recitals above, and agree and stipulate that this Amendment may be introduced in any action or proceeding to enforce this Amendment or the Bond Documents for the purposes of establishing such facts. El Centro waives any right to contest or dispute the facts set forth in the Recitals in any action or proceeding to enforce this Amendment or the Bond Documents.

2. The definition of Forbearance Termination Date in the Agreement is amended to mean December 15, 2017.

3. El Centro hereby acknowledges each and every of the Liabilities as set out in the Bond Documents, the existence and amount of the Liabilities as stated above and the existence of the Identified Defaults and that the Identified Defaults are material. El Centro acknowledges and agrees that the Trustee has the right, upon notice to El Centro or anyone else (and the Bondowners have the right to instruct the Trustee) to declare the Bonds to be immediately due and payable in full and to exercise their rights under the Bond Documents and at law or in equity, and in consideration of the forbearance and financial accommodations set forth in the Agreement, as amended herein, El Centro specifically, expressly and forever waives and relinquishes any and all offsets or defenses to the Liabilities of El Centro to Bondowners under the Bond Documents, and El Centro expressly specifically and forever waives any and all claims against Bondowners. Subject to the Bond Documents, El Centro specifically, expressly and forever waives any and all rights or theories on which to invoke or obtain legal or equitable relief, whether injunctive relief or otherwise, in order to abate, postpone or terminate enforcement by Bondowners of repayment of the Liabilities of El Centro, and specifically and forever waives and relinquishes any such right to legal or equitable relief to cause any such abatement, postponement or termination of enforcement proceedings. All representations and warranties made by El Centro in the Agreement, the Bond Documents, the Forbearance Documents and in this Amendment are true and correct as of the date hereof as if such representations and warranties have been made on the date hereof.

4. All of the terms and conditions of the Bond Documents and the Agreement are in full force and effect, without waiver or modification of any kind whatsoever, except as expressly set forth herein. Future administration of the Liabilities and the financing arrangements among El Centro, the Trustee and Bondowners shall continue to be governed by the covenants, terms and conditions of the Bond Documents and the Agreement, which are ratified and confirmed and incorporated by this reference, except to the extent modified by this Amendment, in which case this Amendment shall govern.

5. El Centro acknowledges that Bondowners will not and are under no obligation to advance funds or extend credit to any of the City, the Medical Center and the Authority under the Bond Documents, or otherwise. El Centro further agrees and acknowledges that Bondowners currently do not have and will have no obligation to further extend the time for payment of any obligations owing to or arising in favor of Bondowners by any of the City, the Medical Center or the Authority and that the obligations of each Bondowner under this Amendment are several, not joint with the other Bondowner.

6. The Medical Center shall continue to make all required payments to the Trustee as and to the extent set forth in the Bond Documents. The Trustee shall continue to make all required payments to Bondowners as and to the extent set forth in the Bond Documents.

7. The Medical Center acknowledges and agrees that the Bond Documents presently provide for and it shall pay to or reimburse Bondowners and the Trustee, on demand, any and all costs, fees and charges of Bondowners or the Trustee in accordance with the terms of the Bond Documents (including, without limit, audit fees, court costs, legal expenses and reasonable attorneys' fees, whether inside or outside counsel is used, whether or not suit is instituted, and, if suit is instituted, whether at the trial court level, appellate level, in a bankruptcy, probate or

administrative proceeding or otherwise), incurred in connection with the Liabilities or the Bond Documents, including without limitation in connection with the preparation, execution, delivery, amendment, administration, and performance of this Amendment and the related documents, or incurred in collecting or attempting to collect on the Liabilities, or incurred in any other matter or proceeding relating to this Amendment or the Liabilities, including any preference or disgorgement actions. Concurrently with execution of this Amendment, and as a further condition precedent to Bondowners' forbearance hereunder, the Medical Center shall reimburse Bondowners for their reasonable attorneys' fees and expenses. Bondowners will provide monthly summary invoices (showing hours and rates, but not narrative descriptions) to the Medical Center and the City for such attorneys' fees and expenses.

8. Concurrently with execution of this Amendment, El Centro shall provide or shall cause to be provided to Bondowners without further demand the following:

(a) a Signature Certificate of the Medical Center in form satisfactory to Bondowners specifying the name and title of the party authorized to execute this Amendment on behalf of the Medical Center;

(b) a Signature Certificate of the Authority in form satisfactory to Bondowners specifying the name and title of the party authorized to execute this Amendment on behalf of the Authority; and

(c) a Signature Certificate of the City in form satisfactory to Bondowners specifying the name and title of the party authorized to execute this Amendment on behalf of the City.

9. If by the fifth (5th) Business Day of any month the Trustee has not received Revenues sufficient to make the transfers required in such month by Section 5.02 of the Trust Agreement, the Trustee shall immediately notify the Bondowners in writing via email at the email addresses specified in the Agreement (in addition to notifying the City and the Medical Center as specified in Section 5.01(d) of the Trust Agreement). In addition, if the Medical Center is delinquent for more than one (1) Business Day in the payment of any Installment Purchase Payment or any payment required with respect to Parity Debt, the Trustee shall notify the Bondowners of such delinquency in writing via email at the email addresses specified in the Agreement (in addition to notifying the City and the Depository Bank(s) of such delinquency as specified in Section 4.03(b) of the Installment Purchase Agreement).

10. El Centro agrees to execute any and all additional or supplemental documentation, and provide such further assistance and assurances as Bondowners or the Trustee may require, in their sole and absolute discretion, to give full effect to the terms, conditions and intentions of this Amendment, provided that no such additional documentation or further assurances shall create any new obligations on behalf of the City.

11. This Amendment shall be governed and controlled in all respects by the laws of the State of California, without reference to its conflict of law provisions, including interpretation, enforceability, validity and construction.

12. This Amendment shall inure to the benefit of Bondowners and all of their respective past, present and future parents, subsidiaries, affiliates, predecessors and successors

and assigns, and all of their subsidiaries and affiliates and shall be binding on El Centro and their respective successors and assigns, except that El Centro's rights hereunder are not assignable without the prior written consent of both Bondowners, which consent either Bondowner may give, withhold or condition in its sole and absolute opinion and judgment.

13. Bondowners and the Trustee anticipate that discussions addressing the Bond Documents and/or Liabilities may take place in the future. During the course of such discussions, Bondowners, the Trustee, and El Centro may touch upon and possibly reach a preliminary understanding on one or more issues prior to concluding negotiations. Notwithstanding this fact and absent an express written waiver by Bondowners, Bondowners will not be bound by an agreement on any individual issues unless and until an agreement is reached on all issues and such agreement is reduced to writing and signed by El Centro, the Trustee and both Bondowners.

14. As of the date of this Amendment, there are no other offers outstanding from Bondowners or the Trustee to El Centro. Any prior offer by Bondowners or the Trustee, whether oral or written is hereby rescinded in full. There are no oral agreements between Bondowners or the Trustee and El Centro; any agreements concerning the Liabilities are expressed only in the existing Bond Documents and the Agreement. The duties and obligations of the parties shall be only as set forth in the Bond Documents and the Agreement, as amended by this Amendment, when executed by all parties.

15. In addition to the other representations, covenants and warranties set forth herein, El Centro represents and warrants to Bondowners, and Bondowners are relying thereon, as follows:

(a) This Amendment and the Bond Documents constitute legal, valid, and binding agreements of El Centro; enforceable against El Centro in accordance with its terms; except as enforcement of the above-named documents may be limited by bankruptcy, insolvency, or other laws affecting the enforcement of creditors' rights generally, by the exercise of judicial discretion and by the application of equitable principles;

(b) There are no actions, suits, or proceedings pending or, to the knowledge of El Centro, threatened against or affecting El Centro, in relation to its obligations to Bondowners, or involving the validity or enforceability of the Agreement, this Amendment, the Bond Documents, the ability of any of them to perform their obligations to Bondowners under the Bond Documents or the priority of any liens thereof, at law or in equity, or before or by any governmental entity;

(c) This Amendment and the releases contained herein are intended to be final and binding among the parties hereto, and Bondowners may expressly rely on the finality of this Amendment as a substantial, material factor inducing each party's execution of this Amendment;

(d) Except as acknowledged by El Centro herein, no event has occurred or is continuing that constitutes a default of the Agreement, as amended by this Amendment, or a further default or Event of Default under the Bond Documents or that would constitute a default or Event of Default but for the requirement that notice be given or time elapse, or both;

(e) The occurrence of the Identified Defaults will not (i) cause El Centro to be in violation of, or constitute a material default under, the provisions of any lease, loan agreement

or other agreement to which El Centro is a party or by which El Centro is bound, (ii) conflict with, or result in the breach of, any court judgment, decree or order of any governmental body to which El Centro is subject or (iii) result in the acceleration of or default under any lien, charge or encumbrance of any nature whatsoever upon any of the property or assets of El Centro; and

(f) The representations, warranties and agreements set forth herein shall be cumulative and in addition to any and all other representations, warranties and agreements which El Centro gives or causes to be given to Bondowners, either now or hereafter.

16. RELEASE.

(A) AS OF THE DATE HEREOF EACH OF THE CITY, THE MEDICAL CENTER AND THE AUTHORITY (EACH, A “SPECIFIED PARTY” AND COLLECTIVELY, THE “SPECIFIED PARTIES”) REPRESENTS AND WARRANTS THAT IT IS AWARE OF, AND POSSESSES, NO CLAIMS OR CAUSES OF ACTION AGAINST BONDOWNERS OR THE TRUSTEE. NOTWITHSTANDING THIS REPRESENTATION AND AS FURTHER CONSIDERATION FOR THE AGREEMENTS AND UNDERSTANDINGS HEREIN, EACH SPECIFIED PARTY INDIVIDUALLY, JOINTLY, SEVERALLY, AND JOINTLY AND SEVERALLY, IN EVERY CAPACITY, INCLUDING BUT NOT LIMITED TO, AS SHAREHOLDERS, MEMBERS, OFFICERS, PARTNERS, DIRECTORS, INVESTORS, OR CREDITORS OF ANY ONE OR MORE OF THE SPECIFIED PARTIES, ON BEHALF OF ITS EMPLOYEES, AGENTS, EXECUTORS, SUCCESSORS AND ASSIGNS, HEREBY RELEASES BONDOWNERS AND THE TRUSTEE, AND THEIR RESPECTIVE OFFICERS, DIRECTORS, EMPLOYEES, AGENTS, ATTORNEYS, AFFILIATES, SUBSIDIARIES, SUCCESSORS AND ASSIGNS FROM ANY LIABILITY, CLAIM, RIGHT OR CAUSE OF ACTION THAT NOW EXISTS, OR HEREAFTER ARISES, WHETHER KNOWN OR UNKNOWN, OR WHETHER THEY MAY IN THE FUTURE DISCOVER THAT THEY WOULD HAVE NOW HAD IF THEY HAD KNOWN FACTS NOT NOW KNOWN TO THEM, WHETHER FOUNDED IN CONTRACT, IN TORT OR PURSUANT TO ANY OTHER THEORY OF LIABILITY, INCLUDING BUT NOT LIMITED TO ANY CLAIMS ARISING OUT OF OR RELATED TO THE BOND DOCUMENTS. BY WAY OF EXAMPLE AND NOT LIMITATION, THE FOREGOING INCLUDES ANY CLAIMS IN ANY WAY RELATED TO ACTIONS TAKEN OR OMITTED TO BE TAKEN BY BONDOWNERS OR THE TRUSTEE UNDER THE BOND DOCUMENTS, THE BUSINESS RELATIONSHIP WITH BONDOWNERS AND ALL OTHER OBLIGATIONS OF ANY NATURE OR KIND OF ANY ONE OR THE SPECIFIED PARTIES, ANY ORAL AGREEMENTS OR UNDERSTANDINGS (ACTUAL OR ALLEGED), ANY BANKING RELATIONSHIPS THAT ANY ONE OR MORE OF THE SPECIFIED PARTIES HAS OR MAY HAVE HAD WITH BONDOWNERS OR THE TRUSTEE AT ANY TIME AND FOR ANY REASON INCLUDING, BUT NOT LIMITED TO, DEMAND DEPOSIT ACCOUNTS, OR OTHERWISE.

(B) Each Specified Party waives the provisions of California Civil Code section 1542, as it may be amended from time to time, which states:

A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS

OR HER SETTLEMENT WITH THE DEBTOR.

(C) Each Specified Party expressly waives and releases any right or benefit which it has or may have under California Civil Code Section 1542, and any similar law of any state, territory, commonwealth or possession of the United States, or the United States, to the full extent that it may waive all such rights and benefits pertaining to the matters released herein. In connection with such waiver and release, each Specified Party acknowledges that it is aware that it may hereafter discover claims presently unknown or unsuspected, or facts in addition to or different from those which it now knows or believes to be true. Nevertheless, it is the intention of each Specified Party, through this Amendment, to fully, finally and forever release all such matters, and all claims relative thereto, which do now exist, may exist, or heretofore have existed. In furtherance of such intention, the release herein given shall be and remain in effect as a full and complete release of such matters notwithstanding the discovery or existence of any such additional or different claims or facts relative thereto. In entering into this release, each Specified Party recognizes that no facts or representations are ever absolutely certain; accordingly, each Specified Party assumes the risk of any misrepresentation, concealment or mistake, and if any Specified Party should subsequently discover that any fact that it relied upon in entering into these releases was untrue, or that any fact was concealed from it, or that any understanding of the facts or of the law was incorrect, such Specified Party shall not be entitled to set aside these releases by reason thereof, regardless of any claims of fraud, misrepresentation, promise made without the intention of performing it, concealment of fact, mistake of fact or law, or any other circumstances whatsoever.

(D) In giving the release provided for in this Amendment, Specified Parties, and each of them, recognize that no facts or representations are ever absolutely certain; accordingly, they assume the risk of any mistake, and if they should subsequently discover that any understanding of the facts or of the law was incorrect, said party shall not be entitled to set aside this release by reason thereof, regardless of any mistake of fact or law.

(E) Specified Parties, and each of them, are the sole and lawful owners of all right, title and interest in and to every claim and other matter which they purport to release herein, and they have not assigned or transferred, or purported to assign or transfer to any person or entity any claims or other matters herein released. Specified Parties, individually and jointly, shall and hereby do indemnify, defend and hold Bondowners and the Trustee harmless from and against any claims, liabilities, actions, causes of action, demands, injuries, damages, costs, and expenses (including, but not limited to, attorneys' fees and costs), based upon or arising in connection with any such prior assignment or transfer, or any such purported assignment or transfer, or any claims or other matters released herein.

17. WAIVER OF JURY TRIAL AND BOND; SUBMISSION TO JURISDICTION AND ACKNOWLEDGMENT.

(A) (i) ANY JUDICIAL PROCEEDING AGAINST ANY SPECIFIED PARTY BROUGHT BY THE TRUSTEE OR BONDOWNERS WITH RESPECT TO ANY TERM OR CONDITION OF THIS AMENDMENT, OR ANY OTHER PRESENT OR FUTURE AGREEMENT BETWEEN ANY SPECIFIED PARTY AND THE TRUSTEE OR BONDOWNERS AND/OR ANY OTHER MATTER OF ANY KIND WHATSOEVER MAY BE BROUGHT BY THE TRUSTEE OR BONDOWNERS IN A COURT OF COMPETENT JURISDICTION IN THE STATE OF CALIFORNIA, UNITED STATES OF AMERICA, AND

EACH SPECIFIED PARTY HEREBY IRREVOCABLY CONSENTS AND SUBMITS ITSELF TO JURISDICTION IN ANY SUCH COURT; AND, BY EXECUTION AND DELIVERY OF THIS AMENDMENT, EACH OF THE SPECIFIED PARTIES, THE TRUSTEE AND BONDOWNERS ACCEPT FOR THEMSELVES AND IN CONNECTION WITH THEIR RESPECTIVE PROPERTIES, GENERALLY AND UNCONDITIONALLY, THE NONEXCLUSIVE JURISDICTION OF THE AFORESAID COURTS, AND IRREVOCABLY AGREE TO BE BOUND BY ANY FINAL JUDGMENT RENDERED THEREBY IN CONNECTION WITH THIS AMENDMENT, OR ANY OTHER PRESENT AND FUTURE AGREEMENT BETWEEN ANY SPECIFIED PARTIES AND THE TRUSTEE OR BONDOWNERS AND/OR ANY OTHER MATTER OF ANY KIND WHATSOEVER.

(ii) EACH OF THE SPECIFIED PARTIES WAIVES PERSONAL SERVICE OF ANY AND ALL PROCESS UPON IT, AND CONSENTS THAT ALL SUCH SERVICE OF PROCESS MAY BE MADE BY FIRST-CLASS MAIL OR MESSENGER DIRECTED TO IT AT ITS ADDRESS SET FORTH IN THE AGREEMENT. EACH OF THE SPECIFIED PARTIES WAIVES ANY BOND OR SURETY OR SECURITY UPON SUCH BOND OR SURETY THAT MIGHT, BUT FOR THIS WAIVER, BE REQUIRED OF THE TRUSTEE OR BONDOWNERS.

(iii) NOTHING CONTAINED IN THIS SECTION AFFECTS OR LIMITS THE RIGHT OF THE TRUSTEE OR BONDOWNERS TO SERVE LEGAL PROCESS IN ANY OTHER MANNER PERMITTED BY LAW OR AFFECTS THE RIGHT OF THE TRUSTEE OR BONDOWNERS TO BRING ANY ACTION OR PROCEEDING AGAINST ANY SPECIFIED PARTY OR ITS PROPERTY IN THE COURTS OF ANY OTHER JURISDICTION IN CALIFORNIA SELECTED BY THE TRUSTEE OR BONDOWNERS IN ITS SOLE AND ABSOLUTE DISCRETION.

(iv) ANY JUDICIAL PROCEEDING BY ANY SPECIFIED PARTY AGAINST THE TRUSTEE OR BONDOWNERS AND/OR ANY PERSON OR ENTITY RELATED TO OR AFFILIATED WITH THE TRUSTEE OR BONDOWNERS INVOLVING, DIRECTLY OR INDIRECTLY, ANY MATTER OR CLAIM IN ANY WAY ARISING OUT OF, RELATED TO OR CONNECTED WITH THIS AMENDMENT OR ANY PRESENT OR FUTURE AGREEMENT BETWEEN ANY SPECIFIED PARTY AND THE TRUSTEE OR BONDOWNERS AND/OR ANY OTHER MATTER OF ANY KIND WHATSOEVER, MAY BE BROUGHT ONLY IN A COURT LOCATED IN THE STATE OF CALIFORNIA, COUNTY OF LOS ANGELES (WHICH COURT, STATE OR FEDERAL, SHALL HAVE SOLE AND EXCLUSIVE JURISDICTION TO HEAR SUCH MATTERS).

(v) EACH OF THE PARTIES WAIVES ANY OBJECTION TO JURISDICTION AND VENUE OF ANY ACTION INSTITUTED HEREUNDER OR IN CONNECTION HERewith AND MAY NOT ASSERT ANY DEFENSE BASED IN ANY WAY ON LACK OF JURISDICTION OR VENUE OR BASED UPON FORUM NON CONVENIENS.

(B) RESERVED.

(C) EACH SPECIFIED PARTY ACKNOWLEDGES THAT (i) IT HAS FULLY READ ALL OF THIS AMENDMENT AND HAS BEEN GIVEN THE OPPORTUNITY TO CONSULT WITH COUNSEL AND OTHER ADVISORS OF ITS CHOICE, AND AFTER CONSULTING WITH SUCH COUNSEL OR ADVISORS (OR

HAVING HAD THE OPPORTUNITY TO DO SO), KNOWINGLY, VOLUNTARILY AND WITHOUT DURESS, COERCION, UNLAWFUL RESTRAINT, INTIMIDATION OR COMPULSION, ENTERS INTO THIS AMENDMENT, BASED UPON SUCH ADVICE AND COUNSEL (IF ANY) AND IN THE EXERCISE OF ITS, HIS OR HER BUSINESS JUDGMENT, (ii) THIS AMENDMENT HAS BEEN ENTERED INTO IN EXCHANGE FOR GOOD AND VALUABLE CONSIDERATION, RECEIPT OF WHICH THE SPECIFIED PARTY ACKNOWLEDGES, (iii) IT, HAS CAREFULLY AND COMPLETELY READ ALL OF THE TERMS AND PROVISIONS OF THIS AMENDMENT AND IS NOT RELYING ON THE OPINIONS OR ADVICE OF THE TRUSTEE, BONDOWNERS OR THEIR RESPECTIVE AGENTS OR REPRESENTATIVES IN ENTERING INTO THIS AMENDMENT.

(D) THE UNDERSIGNED ACKNOWLEDGE THAT THE RIGHT TO TRIAL BY JURY IS A CONSTITUTIONAL ONE, BUT THAT IT MAY BE WAIVED UNDER CERTAIN CIRCUMSTANCES. TO THE EXTENT PERMITTED BY LAW, EACH PARTY, AFTER CONSULTING (OR HAVING HAD THE OPPORTUNITY TO CONSULT) WITH COUNSEL OF ITS, CHOICE, KNOWINGLY AND VOLUNTARILY, AND FOR THE MUTUAL BENEFIT OF ALL PARTIES, WAIVES ANY RIGHT TO TRIAL BY JURY IN THE EVENT OF LITIGATION ARISING OUT OF OR RELATED TO THIS AMENDMENT OR ANY OTHER DOCUMENT, INSTRUMENT OR AGREEMENT BETWEEN THE UNDERSIGNED PARTIES.

18. JUDICIAL REFERENCE PROVISION.

(A) In the event the jury trial waiver set forth above is not enforceable, the parties elect to proceed under this Section 18.

(B) With the exception of the items specified in Section (C) below, any controversy, dispute or claim (each, a “**Claim**”) between the parties arising out of or relating to this Amendment or any other document, instrument or agreement between the undersigned parties (collectively in this Section, the “**Documents**”), will be resolved by a reference proceeding in California in accordance with the provisions of Sections 638 et seq. of the California Code of Civil Procedure as it may be amended from time to time (“**CCP**”), or their successor sections, which shall constitute the exclusive remedy for the resolution of any Claim, including whether the Claim is subject to the reference proceeding. Except as otherwise provided in the Documents, venue for the reference proceeding will be in the state or federal court in Los Angeles County, California (the “**Court**”).

(C) The matters that shall not be subject to a reference are the following: (i) foreclosure of any security interests in real or personal property, (ii) exercise of self-help remedies (including, without limitation, set-off), (iii) appointment of a receiver and (iv) temporary, provisional or ancillary remedies (including, without limitation, writs of attachment, writs of possession, temporary restraining orders or preliminary injunctions). This reference provision does not limit the right of any party to exercise or oppose any of the rights and remedies described in clauses (i) and (ii) or to seek or oppose from a court of competent jurisdiction any of the items described in clauses (iii) and (iv). The exercise of, or opposition to, any of those items does not waive the right of any party to a reference pursuant to this reference provision as provided herein.

(D) The referee for resolution of any Claim under this Section 18 shall be a retired judge or justice selected by mutual written agreement of the parties. If the parties do not agree within ten (10) days of a written request to do so by any party, then, upon request of any party, the referee shall be selected by the Presiding Judge of the Court (or his or her representative). A request for appointment of a referee may be heard on an ex parte or expedited basis, and the parties agree that irreparable harm would result if ex parte relief is not granted. Pursuant to CCP §170.6, each party shall have one peremptory challenge to the referee selected by the Presiding Judge of the Court (or his or her representative).

(E) The parties agree that time is of the essence in conducting the reference proceedings under this Section 18. Accordingly, the referee shall be requested, subject to change in the time periods specified herein for good cause shown, to (i) set the matter for a status and trial- setting conference within fifteen (15) days after the date of selection of the referee, (ii) if practicable, try all issues of law or fact within one hundred twenty (120) days after the date of the conference, and (iii) report a statement of decision within twenty (20) days after the matter has been submitted for decision.

(F) The referee will have power to expand or limit the amount and duration of discovery. The referee may set or extend discovery deadlines or cutoffs for good cause, including a party's failure to provide requested discovery for any reason whatsoever. Unless otherwise ordered based upon good cause shown, no party shall be entitled to "priority" in conducting discovery, depositions may be taken by either party upon seven (7) days written notice, and all other discovery shall be responded to within fifteen (15) days after service. All disputes relating to discovery which cannot be resolved by the parties shall be submitted to the referee whose decision shall be final and binding.

(G) Except as expressly set forth herein, the referee shall determine the manner in which the reference proceeding is conducted including the time and place of hearings, the order of presentation of evidence, and all other questions that arise with respect to the course of the reference proceeding. All proceedings and hearings conducted before the referee, except for trial, shall be conducted without a court reporter, except that when any party so requests, a court reporter will be used at any hearing conducted before the referee, and the referee will be provided a courtesy copy of the transcript. The party making such a request shall have the obligation to arrange for and pay the court reporter. Subject to the referee's power to award costs to the prevailing party, the parties will equally share the cost of the referee and the court reporter at trial.

(H) The referee shall be required to determine all issues in accordance with existing case law and the statutory laws of the State of California. The rules of evidence applicable to proceedings at law in the State of California will be applicable to the reference proceeding. The referee shall be empowered to enter equitable as well as legal relief, enter equitable orders that will be binding on the parties and rule on any motion which would be authorized in a court proceeding, including without limitation motions for summary judgment or summary adjudication. The referee shall issue a decision at the close of the reference proceeding which disposes of all claims of the parties that are the subject of the reference. Pursuant to CCP §644, such decision shall be entered by the Court as a judgment or an order in the same manner as if the action had been tried by the Court and any such decision will be final, binding and conclusive. The parties reserve the right to appeal from the final judgment or order or from any appealable decision or order entered by the referee. The parties reserve the right to findings

of fact, conclusions of laws, a written statement of decision, and the right to move for a new trial or a different judgment, which new trial, if granted, is also to be a reference proceeding under this provision.

(I) If the enabling legislation which provides for appointment of a referee is repealed (and no successor statute is enacted), any dispute between the parties that would otherwise be determined by reference procedure will be resolved and determined by arbitration. The arbitration will be conducted by a retired judge or justice, in accordance with the California Arbitration Act §1280 through §1294.2 of the CCP as amended from time to time. The limitations with respect to discovery set forth above shall apply to any such arbitration proceeding.

(J) THE PARTIES RECOGNIZE AND AGREE THAT ALL CONTROVERSIES, DISPUTES AND CLAIMS RESOLVED UNDER THIS REFERENCE PROVISION WILL BE DECIDED BY A REFEREE AND NOT BY A JURY. AFTER CONSULTING (OR HAVING HAD THE OPPORTUNITY TO CONSULT) WITH COUNSEL OF ITS, OWN CHOICE, EACH PARTY KNOWINGLY AND VOLUNTARILY, AND FOR THE MUTUAL BENEFIT OF ALL PARTIES, AGREES THAT THIS REFERENCE PROVISION WILL APPLY TO ANY CONTROVERSY, DISPUTE OR CLAIM BETWEEN OR AMONG THEM ARISING OUT OF OR IN ANY WAY RELATED TO, THIS AMENDMENT OR THE OTHER DOCUMENTS.

19. THE SPECIFIED PARTIES, THE TRUSTEE OR BONDOWNERS MAY FILE AN ORIGINAL COUNTERPART OR A COPY OF THIS AMENDMENT WITH ANY COURT AS WRITTEN EVIDENCE OF THE FACTS, CONDITIONS, WAIVERS AND CONSENTS CONTAINED HEREIN. PRIOR DRAFTS OF THIS AMENDMENT, IF ANY, HOWEVER SHALL NOT BE USED AS EVIDENCE IN ANY JUDICIAL PROCEEDINGS.

20. The entry of the Trustee and Bondowners into this Amendment shall not be or be construed to be a waiver of any defaults, including the Identified Defaults or any future default occurring for the same violation as an Identified Default. The Trustee and Bondowners expressly reserve the right to exercise any or all rights and remedies provided under the Bond Documents and applicable law except as modified herein. Failure by the Trustee or Bondowners to exercise immediately such rights and remedies shall not be or be construed to be a waiver or modification of those rights, or be, or be construed to be, an offer of forbearance except as expressly provided for in this Amendment.

21. Nothing set forth in this Amendment is intended to constitute an agreement by the Trustee or Bondowners to forbear from exercising any of the rights available to them under the Bond Documents or applicable law (all of which rights and remedies are hereby expressly reserved by the Trustee and Bondowners) after the occurrence of a Forbearance Termination Event. The City, the Medical Center and the Authority hereby acknowledge and understand that upon the occurrence of a Forbearance Termination Event, either Bondowner may terminate its forbearance under the Agreement, as amended by this Amendment, and the Trustee and Bondowners shall have the right to proceed to exercise any or all available rights and remedies as set forth in the Bond Documents, which may include foreclosure on any collateral and/or institution of legal proceedings. The Trustee and Bondowners shall have no obligation whatsoever to modify the Bond Documents or further forbear from exercising their respective rights and remedies.

22. This Amendment may be executed in counterparts and delivered by facsimile or in the portable document format (“**.PDF**”) and the counterparts, when properly executed by all parties and delivered in such manner by the signing deadline, will constitute a fully executed complete agreement.

23. The Medical Center shall properly execute this Amendment and deliver same by .PDF so that it is received by the Trustee and the Bondowners by no later than 5:00 p.m. Pacific Time on November 15, 2017 with the original to follow so that it is received by the Trustee and the Bondowners by no later than November 20, 2017. If the Medical Center does not execute and deliver this Amendment by November 15, 2017 (with the original to follow so that it is received by November 20, 2017), then this Amendment is not effective and the offer of forbearance contained in this Amendment is rescinded. The City and the Authority have advised that this Amendment is scheduled to be considered for approval at a meeting scheduled for November 21, 2017. If approved by the City and the Authority, then the City and the Authority shall properly execute this Amendment and deliver same by .PDF so that it is received by the Trustee and the Bondowners by no later than 5:00 p.m. Pacific Time on November 22, 2017 with the original to follow so that it is received by the Trustee and the Bondowners by no later than November 27, 2017. If the City and the Authority do not approve, execute and deliver this Amendment by November 22, 2017 (with the original to follow so that it is received by November 27, 2017), then this Amendment is not effective and the offer of forbearance contained in this Amendment is rescinded.

24. The Agreement, as amended by this Amendment, may be further modified or amended only by written agreement duly executed by the Parties to this Amendment.

25. The Agreement, as amended by this Amendment, and the Bond Documents express the entire agreement of the parties hereto relative to the subject matter hereof. No covenants, agreements, representations, or warranties of any kind whatsoever have been made by any party hereto with respect to the subject matter hereof, except as specifically set forth in the Agreement, as amended by this Amendment, and the Bond Documents.

26. If any provision of this Amendment is found to be illegal, invalid, or unenforceable under present or future laws effective during the term of this Amendment, such provisions shall be fully severable; this Amendment shall be construed and enforced as if such illegal, invalid, or unenforceable provision never comprised a part of this Amendment; and the remaining provisions of this Amendment shall remain in full force and effect and shall not be affected by the illegal, invalid, or unenforceable provision, or by severance from this Amendment.

27. The Parties represent and warrant that all of the waivers, warranties, and promises set forth in the Agreement, as amended by this Amendment, and the Bond Documents were and are made after an opportunity to consult with legal counsel of their choosing and with an understanding of their significance and consequence, and that they are reasonable.

28. The Parties hereto expressly acknowledge and agree that time is of the essence and that all deadlines and time periods provided for under this Amendment are ABSOLUTE AND FINAL, absent a further amendment to the Agreement.

29. The execution, delivery and performance by El Centro of this Amendment and the other documents executed herewith do not and shall not (i) conflict with, violate or result in a material breach of any provision of any applicable law, rule, regulation or order to which El Centro is subject, or (ii) conflict or result in a breach of any other agreement to which El Centro is a party. No authorization, consent or approval or other action by, and no notice of or filing with, any governmental authority or regulatory bodies is required to be obtained or made by El Centro for the due execution, delivery and performance of this Amendment or any documents executed in connection with this Amendment. Each Party making up El Centro is *sui juris* and of full capacity to enter into and perform under this Amendment and has its principal place of business in the State of California, and this is also true for each person executing this Amendment and any other documents on behalf of El Centro. All actions required to be taken by the Parties and their respective officers, directors and members (as applicable) for the due authorization, execution, delivery and performance of this Amendment and the other Forbearance Documents have been taken.

30. Each of the Parties comprising El Centro acknowledges that it is entering into this Amendment voluntarily and based on its own investigation and not based on any representation of Bondowners or the Trustee other than as expressly set forth herein. Each of the Parties comprising El Centro certifies and represents to Bondowners that it has had full opportunity to confer with the independent legal counsel of its choosing and/or has been represented by counsel in connection with the negotiation, execution and delivery of this Amendment. For purposes of contract interpretation, and in particular the resolution of any asserted ambiguity in this Amendment, the Parties hereto agree that this Amendment was prepared by all of them and/or their respective counsel together, and therefore no provision in this Amendment shall be construed against any party hereto based on the authorship of that provision by such party. Each of the Parties has voluntarily, without coercion or duress of any kind, entered into this Amendment and the other documents.

31. Notwithstanding any provision of the Agreement, as amended by this Amendment, and/or the Bond Documents:

(a) Bondowners are not and shall not be construed to be a partner, joint venture, alter ego, manager, controlling person or other business associate or participant of any kind of El Centro, or any other person;

(b) Bondowners shall not be deemed responsible to perform or participate in any acts, omissions, or decisions of El Centro; and

(c) El Centro does not have any claims, causes of action or defenses to its obligations to Bondowners based on any allegations of management or control exercised by Bondowners. El Centro acknowledges and agrees that Bondowners do not manage or control it in any way.

32. El Centro agrees to execute and deliver, or cause to be executed and delivered, all such other instruments and documents, and take all such other commercially reasonable actions as each other may reasonably request from time to time, without payment of further consideration, in order to effectuate the intent and purpose of this Amendment.

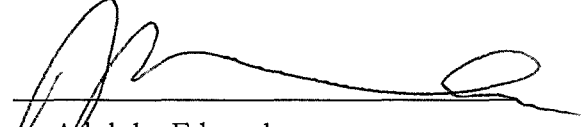
33. Within 3 business days after all parties have executed this Amendment, the Medical Center shall provide to Bondholders written evidence that an executed copy of this Amendment has been delivered to the Medical Center's Board of Trustees.

34. Nothing in this Amendment shall create any payment obligations on behalf of the City that are not set forth in the existing Bond Documents.

[SIGNATURES ON NEXT PAGE]

IN WITNESS WHEREOF, and agreeing to be legally bound hereby, the Parties hereto have caused this Amendment to be executed by their duly authorized officers, as applicable, on the date and year first written above. The undersigned each hereby certify that they have read and fully understand all of the terms, provisions and conditions of this Amendment and have executed this Amendment voluntarily.

EL CENTRO REGIONAL MEDICAL CENTER

By: 
Name: Adolphe Edward
Title: Chief Executive Officer

MUFG UNION BANK, N.A., AS TRUSTEE

By: _____
Name: _____
Title: _____

CITY OF EL CENTRO

By: _____
Name: Marcela Piedra
Title: Deputy City Manager

KEY GOVERNMENT FINANCE, INC.

By: _____
Name: Quinn Kelly
Title: Designated Signer

EL CENTRO FINANCING AUTHORITY

By: _____
Name: Marcela Piedra
Title: Deputy Executive Director

COMERICA BANK

By: _____
Name: Cynthia B. Jones
Title: Vice President

Attachment: Second Amendment to Forbearance Agreement and Release executed by ECRMC (2520 : 2nd Amendment to Forbearance