



AGENDA
CITY OF EL CENTRO
FINANCING AUTHORITY
APRIL 3, 2018

City Hall

Regular Meeting

6:00 PM

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

NEW BUSINESS

1. Approval of Financing Authority Minutes for regular meeting of March 20, 2018.

PRESENTATION: Diane Caldwell

RECOMMENDATION:

Approval of Financing Authority Minutes for regular meeting of March 20, 2018.

2. Approve the issuance by the El Centro Financing Authority of Hospital Revenue Refunding Bonds (El Centro Regional Medical Center Project), Series 2018 to assist in financing and refinancing of certain public capital improvements for the benefit of the El Centro Regional Medical Center

PRESENTATION: Don Hunt

RECOMMENDATION:

EXECUTIVE DIRECTOR'S RECOMMENDATION:

Approve the issuance by the El Centro Financing Authority (the "Authority") of Hospital Revenue Refunding Bonds (El Centro Regional Medical Center Project), Series 2018 (the "Series 2018 Bonds") by adopting the following:

Adopt Resolution No. FA 18- , RESOLUTION OF THE GOVERNING BOARD OF THE EL CENTRO FINANCING AUTHORITY AUTHORIZING THE ISSUANCE OF NOT TO EXCEED \$125,000,000 AGGREGATE PRINCIPAL AMOUNT OF ITS HOSPITAL REVENUE REFUNDING BONDS (EL CENTRO REGIONAL MEDICAL CENTER PROJECT) SERIES 2018; DELIVERY OF A TRUST AGREEMENT, AN INSTALLMENT PURCHASE AGREEMENT, A LIMITED OFFERING MEMORANDUM AND A PURCHASE CONTRACT; DISCLOSING CERTAIN INFORMATION REQUIRED BY SENATE BILL 450; AND AUTHORIZING THE TAKING OF CERTAIN ACTIONS IN CONNECTION THEREWITH.

The proceeds of the sale of the Series 2018 Bonds will be used to finance and/or refinance certain public capital improvements for the benefit of the El Centro Regional Medical Center (the "Medical Center"), including the refunding of the Authority's outstanding Hospital Revenue Refunding Bonds (El Centro Regional Medical Center Project), Series 2015A and 2015B (together, the "Refunded Bonds"). In addition to the refunding of the Refunded Bonds, new projects and renovation work is proposed by the Medical Center, which is described extensively in Appendix A to the Limited Offering Memorandum.

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



Financing Authority

SCHEDULED ACTION ITEM (ID # 2688)

Meeting: 04/03/18 06:00 PM
Department: City Clerk's Office
Category: Minutes

Prepared By: Diane Caldwell
Department Head: Diane Caldwell

DOC ID: 2688

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Approval of Financing Authority Minutes for regular meeting of March 20, 2018.

CITY MANAGER'S RECOMMENDATION:

Approval of Financing Authority Minutes for regular meeting of March 20, 2018.

ATTACHMENTS:

- FA 2018 3-20 (PDF)

**REGULAR MEETING
FINANCING AUTHORITY
CITY OF EL CENTRO, CALIFORNIA
TUESDAY, MARCH 20, 2018 6:00 P.M.**

The Successor Agency to the Redevelopment Agency convened as Financing Authority at 6:34 p.m.

The Financing Authority of the City of El Centro met in regular session on March 20, 2018 at 6:34 p.m.

PRESENT: Cardenas, Jackson, Garcia, Silva
Secretary Caldwell, Deputy Executive Dir. Piedra, Attorney Martyn Evans;
ABSENT: Viegas-Walker

CONSENT AGENDA

Moved by Jackson, second by Cardenas, approval of the consent agenda as presented:

1. Approval of the Financing Authority Minutes for regular meetings of July 18, 2017 and December 5, 2017.
2. Approval of a Second Amendment to the Installment Purchase Agreement between El Centro Regional Medical Center and the City of El Centro Financing Authority.

AYES: Cardenas, Jackson, Garcia, Silva
NOES: None
ABSENT: Viegas-Walker
ABSTAINED: None

PUBLIC COMMENTS

None

ADJOURNMENT

Being no further business, the meeting was adjourned at 6:35 p.m.

*Financing Authority convened at 6:35 p.m. as City Council

L. Diane Caldwell, Secretary

APPROVED BY

Cheryl Viegas-Walker, Chairperson

Attachment: FA 2018 3-20 (2688 : Financing Authority Minutes)



**SCHEDULED
ACTION ITEM (ID # 2673)**

Approve the issuance by the El Centro Financing Authority of Hospital Revenue Refunding Bonds (El Centro Regional Medical Center Project), Series 2018 to assist in financing and refinancing of certain public capital improvements for the benefit of the El Centro Regional Medical Center

CITY MANAGER'S RECOMMENDATION:

EXECUTIVE DIRECTOR'S RECOMMENDATION:

Approve the issuance by the El Centro Financing Authority (the "Authority") of Hospital Revenue Refunding Bonds (El Centro Regional Medical Center Project), Series 2018 (the "Series 2018 Bonds") by adopting the following:

Adopt Resolution No. FA 18- , RESOLUTION OF THE GOVERNING BOARD OF THE EL CENTRO FINANCING AUTHORITY AUTHORIZING THE ISSUANCE OF NOT TO EXCEED \$125,000,000 AGGREGATE PRINCIPAL AMOUNT OF ITS HOSPITAL REVENUE REFUNDING BONDS (EL CENTRO REGIONAL MEDICAL CENTER PROJECT) SERIES 2018; DELIVERY OF A TRUST AGREEMENT, AN INSTALLMENT PURCHASE AGREEMENT, A LIMITED OFFERING MEMORANDUM AND A PURCHASE CONTRACT; DISCLOSING CERTAIN INFORMATION REQUIRED BY SENATE BILL 450; AND AUTHORIZING THE TAKING OF CERTAIN ACTIONS IN CONNECTION THEREWITH.

The proceeds of the sale of the Series 2018 Bonds will be used to finance and/or refinance certain public capital improvements for the benefit of the El Centro Regional Medical Center (the "Medical Center"), including the refunding of the Authority's outstanding Hospital Revenue Refunding Bonds (El Centro Regional Medical Center Project), Series 2015A and 2015B (together, the "Refunded Bonds"). In addition to the refunding of the Refunded Bonds, new projects and renovation work is proposed by the Medical Center, which is described extensively in Appendix A to the Limited Offering Memorandum.

FISCAL IMPACT:

None to the Authority. Installment Purchase Payments are required to be made only from Gross Revenues of the El Centro Regional Medical Center. No City or Authority funds are obligated for this financing.

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:

The Medical Center has selected KeyBanc Capital Markets, Inc. as the Underwriter for, and approved the bond documents authorizing the issuance of up to \$125,000,000 of Series 2018 Bonds. In addition to the refunding of the Refunded Bonds, new projects and renovation work is proposed by the Medical Center, which is described extensively in Appendix A to the Limited Offering Memorandum.

A detailed set of pricing numbers for the Series 2018 Bonds has been provided by the Underwriter to Authority staff. The pricing numbers for the Series 2018 Bonds were prepared using the parameters set forth in the Resolution. Such pricing numbers for the Series 2018 Bonds are not expected to materially change, but will be finalized before the Purchase Contract is executed and delivered on or about April 4, 2018.

The Authority was not involved in development of the bid documents or selection of Underwriter. The bid documents were prepared by Medical Center staff. With the exception of bond counsel (Norton Rose Fulbright US LLP), which was chosen by the City, the Medical Center selected and contracted with all other consultants for this issuance. The Underwriter was selected by and is recommended by the Medical Center's Board of Trustees.

On March 19, 2018, the Medical Center Board of Trustees, by Resolution No. 18-01, approved their recommendation for this financing. The resolution is attached.

DISCUSSION:

The issuance of the Series 2018 Bonds contemplates the refunding of the outstanding Refunded Bonds. Proceeds of the Series 2018 Bonds will also be applied to finance new projects and renovation work for the Medical Center, as described extensively in Appendix A to the Limited Offering Memorandum.

The **Series 2018 Bonds** will bear interest at a fixed interest rate. The Series 2018 bond term will not exceed 40 years.

The pricing numbers prepared by the Underwriter present the issuance costs for the Series 2018 Bonds. The cost of obtaining new financing has not been addressed in this report, but financial projections provided by the Medical's Center Finance staff cover all future debt issuances have been reviewed with the Board of Trustees.

To maintain the tax-exempt status of the Series 2018 Bonds, the Authority is required to comply with certain federal tax regulations set forth in the Installment Purchase Agreement and the Trust Agreement. You have been provided with a copy of the current drafts of these agreements, each of which is a necessary part of the proposed refunding and new financing:

Installment Purchase Agreement. The City agrees to purchase a portion of the Medical Center facilities from the Authority and to make periodic payments (the "Installment Purchase Payments") to the Authority in consideration for

such purchase. The Installment Payments under the Installment Purchase Agreement are equivalent in time and amount to pay the principal and interest due on three Series 2018 Bonds. The Installment Purchase Agreement also requires the City to comply with certain federal tax requirements.

Trust Agreement. The Trust Agreement is between the Authority and MUFG Union Bank, N.A. and provides for the issuance, delivery and security for the Series 2018 Bonds. The Trust Agreement will set forth the interest rates on the Series 2018 Bonds and provide for the early redemption of such bonds, as applicable.

Neither the City nor the Authority shall be obligated to pay interest on or principal of the Bonds, except from the Gross Revenues of the Medical Center and certain amounts held pursuant to the Trust Agreement.

All necessary tax and compliance record-keeping and reporting will be performed by Medical Center staff on behalf of the Authority.

CONCLUSION:

Based on information provided by the Medical Center, the preliminary Sources and Uses of Funds Schedule attached hereto and the advice of counsel with respect to the necessary documentation for the transaction, staff recommends adoption of the Resolution.

ATTACHMENTS:

- Resolution FA - 2018 El Centro Hospital Financing (PDF)
- ECRMC Resolution 18-01 (PDF)
- #48150298v11_BOS_ - Purchase Contract (ECRMC) (PDF)
- Appendix A - El Centro Regional Medical Center (2) (PDF)
- Appendix C - City of El Centro Demographic and Economic Information (PDF)
- Continuing Disclosure Agreement - El Centro Regional Medical Center 2018.._ (PDF)
- Installment Purchase Agreement - 2018 El Centro Regional Medical Center..._ (PDF)
- Investor Letter - 2018 El Centro Regional Medical Center (PDF)
- Limited Offering Memorandum - El Centro Regional Medical Center - Series.._ (PDF)
- Trust Agreement - 2018 El Centro Regional Medical Center (PDF)
- ECRMC_Series 2018 Revised Detailed Final PHC Bond Numbers_03272018 (PDF)

RESOLUTION NO. FA 18-

RESOLUTION OF THE GOVERNING BOARD OF THE EL CENTRO FINANCING AUTHORITY AUTHORIZING THE ISSUANCE OF NOT TO EXCEED \$125,000,000 AGGREGATE PRINCIPAL AMOUNT OF ITS HOSPITAL REVENUE REFUNDING BONDS (EL CENTRO REGIONAL MEDICAL CENTER PROJECT) SERIES 2018; DELIVERY OF A TRUST AGREEMENT, AN INSTALLMENT PURCHASE AGREEMENT, A LIMITED OFFERING MEMORANDUM AND A PURCHASE CONTRACT; DISCLOSING CERTAIN INFORMATION REQUIRED BY SENATE BILL 450; AND AUTHORIZING THE TAKING OF CERTAIN ACTIONS IN CONNECTION THEREWITH

WHEREAS, the El Centro Financing Authority (the “Authority”), is a Joint Powers Authority (a public body, corporate and politic) duly created, established and authorized to transact business and exercise its powers, all under and pursuant to the Joint Exercise of Powers Act (Articles 1 through 4 of Chapter 5, Division 7, Title 1 of the California Government Code) (the “Government Code”) and the powers of such Authority include the power to issue bonds for any of its corporate purposes; and

WHEREAS, the City of El Centro, a charter city duly organized and existing under and by virtue of the laws of the State of California (the “City”), is a local agency that has requested the assistance of the Authority in financing and/or refinancing certain public capital improvements for the benefit of the El Centro Regional Medical Center, a municipal hospital, separate agency and enterprise operation of the City duly organized and existing under and by virtue of the laws of the State of California (the “Medical Center”);

WHEREAS, the Authority is empowered pursuant to Article 4 of Chapter 5 of Division 7 of Title 1 of the Government Code to cause the design, acquisition and construction of certain additions, betterments, extensions and improvements to the Medical Center and to finance and/or refinance such additions, betterments, extensions and improvements through the issuance of revenue bonds in multiple series;

WHEREAS, pursuant to Section 6586.5 of the Government Code, a member of the Authority, which is not itself a joint powers authority, within whose boundaries the project being financed is to be located, is required to approve the financing and make a finding of significant public benefit in accordance with the criteria specified in Section 6586 of the Government Code after a public hearing, notice of which was published once at least five days prior to the hearing in a newspaper of general circulation;

WHEREAS, the projects to be financed and/or refinanced for the Medical Center are located within the City, a local agency and a member of the Authority;

WHEREAS, the City Council of the City has conducted a public hearing, notice of which hearing was published at least five days prior to the hearing in a newspaper of general circulation within the County of Imperial, and, following such public hearing, the City Council made a finding of significant public benefit in accordance with the criteria specified in Section

6586 of the Government Code and adopted a resolution authorizing and approving the financing and/or refinancing of certain public capital improvements for the benefit of the Medical Center;

WHEREAS, the Authority desires to authorize the issuance of one or more series of revenue bonds to be designated as the El Centro Financing Authority Hospital Revenue Refunding Bonds (El Centro Regional Medical Center Project), Series 2018 (the “Series 2018 Bonds”) to assist in financing and refinancing certain public capital improvements for the benefit of the Medical Center, including the refinancing and redemption of the Authority’s outstanding Hospital Revenue Refunding Bonds (El Centro Regional Medical Center Project), Series 2015A and Series 2015B; and

WHEREAS, Senate Bill 450 (Chapter 625 of the 2017-2018 Session of the California Legislature) (“SB 450”) requires that the governing body of a public body obtain from an underwriter, financial advisor or private lender and disclose, prior to authorizing the issuance of bonds with a term of greater than 13 months, good faith estimates of the following information in a meeting open to the public: (a) the true interest cost of the bonds, (b) the sum of all fees and charges paid to third parties with respect to the bonds, (c) the amount of proceeds of the bonds expected to be received net of the fees and charges paid to third parties and any reserves or capitalized interest paid or funded with proceeds of the bonds, and (d) the sum total of all debt service payments on the bonds calculated to the final maturity of the bonds plus the fees and charges paid to third parties not paid with the proceeds of the bonds;

NOW, THEREFORE, THE GOVERNING BOARD OF THE EL CENTRO FINANCING AUTHORITY DOES HEREBY RESOLVE AS FOLLOWS:

Section 1. Trust Agreement. The Authority hereby approves the issuance and delivery of the Series 2018 Bonds in an amount not to exceed \$125,000,000 in accordance with the terms and conditions of a Trust Agreement between the Authority and MUFG Union Bank, N.A., as trustee, substantially in the form on file with the Secretary of the Authority (the “Secretary”), with such revisions, amendments and completions as shall be approved by the Chair or the Vice-Chair of the Authority, the Executive Director, or Deputy Executive Director, or their respective designees (each, a “Responsible Officer”) with the advice of counsel to the Authority, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 2. Installment Purchase Agreement. The Authority hereby approves an Installment Purchase Agreement among the Authority, the City and the Medical Center, substantially in the form on file with the Secretary, with such revisions, amendments and completions as shall be approved by a Responsible Officer with the advice of counsel to the Authority, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 3. Limited Offering Memorandum. The Authority hereby approves the Limited Offering Memorandum substantially in the form on file with the Secretary, a copy of which has been made available to the Governing Board of the Authority (the “Board”), with such changes therein as a Responsible Officer may determine necessary, to be furnished to the purchaser for the Series 2018 Bonds. The Board authorizes any Responsible Officer to deem the Limited Offering Memorandum to be final, if requested, within the meaning of Rule 15c2-12 under the Securities Exchange Act of 1934, as amended (the “Rule”), subject to completion of those items permitted by such Rule. Any Responsible Officer is hereby authorized and directed to execute and deliver the final Limited Offering Memorandum in substantially the form of the Limited Offering

Memorandum hereby approved, with such additions thereto and changes therein as are consistent with this Resolution and recommended or approved by Norton Rose Fulbright US LLP, as Disclosure Counsel to the Authority, and approved by a Responsible Officer, such approval to be conclusively evidenced by the execution and delivery thereof. If, in the opinion of the Responsible Officer, upon consultation with Disclosure Counsel, any revisions or updates to the information contained in the Limited Offering Memorandum would require supplemental approval of such revised or updated Limited Offering Memorandum by the Board, then such revised or updated Limited Offering Memorandum shall be submitted to the Board for consideration and further approval. The distribution by the Underwriter of copies of the Limited Offering Memorandum to all actual purchasers of the Series 2018 Bonds is approved and directed.

Section 4. Purchase Contract. The form of the Purchase Contract, proposed to be executed and entered into by and between the Authority, the City, the Medical Center and KeyBanc Capital Markets Inc., San Francisco, California (the “Underwriter”), in substantially the form on file with the Secretary, a copy of which has been made available to the Board, is hereby approved, and any Responsible Officer is hereby authorized and directed, for and in the name and on behalf of the Authority, to execute and deliver the Purchase Contract in substantially such form, with such changes as may be approved by any Responsible Officer, acting on behalf of the Authority, subject to advice of counsel, such execution thereof to constitute conclusive evidence of the approval of the Authority of all changes from the form of the Purchase Contract presented to this meeting. The sale of the Series 2018 Bonds to the Underwriter pursuant thereto at a purchase price not less than the principal amount of the Series 2018 Bonds, less any agreed upon original issue discount, less an Underwriter’s discount (not to exceed 12.5% of such principal amount), plus accrued interest, in accordance with the provisions of the Purchase Contract is hereby approved; provided, however, that the true interest cost on the Series 2018 Bonds shall not exceed 7.0%. The final maturity of the Series 2018 Bonds shall not exceed 40 years from the date of issuance.

Section 5. Good Faith Estimates. In accordance with SB 450, good faith estimates of the following are set forth on Exhibit A attached hereto: (a) the true interest cost of the Series 2018 Bonds, (b) the sum of all fees and charges paid to third parties with respect to the Series 2018 Bonds, (c) the amount of proceeds of the Series 2018 Bonds expected to be received net of the fees and charges paid to third parties and any reserves or capitalized interest paid or funded with proceeds of the Series 2018 Bonds, and (d) the sum total of all debt service payments on the Series 2018 Bonds calculated to the final maturity of the Series 2018 Bonds plus the fees and charges paid to third parties not paid with the proceeds of the Series 2018 Bonds.

Section 6. Effective Date. This Resolution shall take effect from and after the date of its passage and adoption. The Secretary of the Authority shall certify to the adoption of this Resolution, and thenceforth and thereafter the same shall be in full force and effect. Notwithstanding the foregoing, such certification and any of the other duties and responsibilities assigned to the Secretary pursuant to this Resolution may be performed by an Assistant Secretary with the same force and effect as if performed by the Secretary hereunder.

Section 7. General Authorization. Each Responsible Officer and any other officer of the Authority is hereby authorized to execute and deliver any and all agreements (including, but not limited to, investment agreements, bond insurance, reserve fund surety policies,

investment agreements, escrow agreements or escrow instructions), documents, certificates and instruments and to do and cause to be done any and all acts and things deemed necessary or advisable for carrying out the transactions contemplated by this Resolution, including, revising series designations. Such actions heretofore taken by such officers or their designees are hereby ratified, confirmed and approved.

NOW, THEREFORE, THE FINANCING AUTHORITY OF THE CITY OF EL CENTRO, CALIFORNIA, DOES HEREBY RESOLVE AS FOLLOWS:

1. That the foregoing is true, correct and adopted.

PASSED AND ADOPTED at a regular meeting of the Financing Authority of the City of El Centro, California, held on the 3rd day of April 2018.

By _____
Cheryl Viegas-Walker, Chairperson,

By _____
L. Diane Caldwell, Authority Secretary

APPROVED AS TO FORM:
Office of the Authority Counsel

By _____
Elizabeth L. Martyn, Authority Counsel

STATE OF CALIFORNIA)
COUNTY OF IMPERIAL) ss
CITY OF EL CENTRO)

I, L. Diane Caldwell, Authority Secretary of the Financing Authority of the City of El Centro, California, do hereby certify that the foregoing Resolution No. FA 18-_____ was duly and regularly adopted at a regular meeting of the Financing Authority of the City of El Centro, California, held on the 3rd day of April 2018, by the following vote:

AYES:
NOES:
ABSENT:
ABSTAINED:

By _____
L. Diane Caldwell, Authority Secretary

Attachment: Resolution FA - 2018 El Centro Hospital Financing (2673 : ECRMC Bond Refinancing)

EXHIBIT A

GOOD FAITH ESTIMATES

The following information was obtained from the Municipal Advisor with respect to the bonds (the "Series 2018 Bonds") approved in the attached Resolution, and is provided in compliance with Senate Bill 450 (Chapter 625 of the 2017-2018 Session of the California Legislature) with respect to the Series 2018 Bonds:

1. *True Interest Cost of the Series 2018 Bonds.* Assuming the maximum aggregate principal amount of the Series 2018 Bonds authorized (\$125,000,000) are sold and based on market interest rates prevailing at the time of preparation of this information, a good faith estimate of the true interest cost of the Series 2018 Bonds, which means the rate necessary to discount the amounts payable on the respective principal and interest payment dates to the purchase price received for the Series 2018 Bonds, is 6.34%.

2. *Finance Charge of the Series 2018 Bonds.* Assuming the maximum aggregate principal amount of the Series 2018 Bonds authorized (\$125,000,000) are sold and based on market interest rates prevailing at the time of preparation of this information, a good faith estimate of the finance charge of the Series 2018 Bonds, which means the sum of all fees and charges paid to third parties (or costs associated with the Series 2018 Bonds), is \$2,935,355.00, as follows:

<u>Cost of Issuance</u>	<u>Amount</u>
Underwriter's Discount	\$1,541,855
City of El Centro and City Attorney	300,000
Borrower's Counsel	95,000
Bond and Disclosure Counsel	515,000
Municipal Advisor	375,000
Auditors	60,000
Investor Counsel	20,000
Dissemination Agent	15,000
Trustee	5,500
Out of Pocket	3,500
Printing	4,500
Credit Enhancement	N/A
Total	\$2,935,355

3. *Amount of Proceeds to be Received.* Assuming the maximum aggregate principal amount of the Series 2018 Bonds authorized (\$125,000,000) are sold and based on market interest rates prevailing at the time of preparation of this information, a good faith estimate of the amount of proceeds expected to be received by the Authority for sale of the Series 2018 Bonds less the finance charge of the Series 2018 Bonds described in 2 above and any reserves or capitalized interest paid or funded with proceeds of the Series 2018 Bonds, is \$92,454,896.58.

4. *Total Payment Amount.* Assuming the maximum aggregate principal amount of the Series 2018 Bonds authorized (\$125,000,000) are sold and based on market interest rates

prevailing at the time of preparation of this information, a good faith estimate of the total payment amount, which means the sum total of all payments the Authority will make to pay debt service on the Series 2018 Bonds plus the finance charge of the Series 2018 Bonds described in paragraph 2 above not paid with the proceeds of the Series 2018 Bonds, calculated to the final maturity of the Series 2018 Bonds, is \$321,512,212.50.

Attention is directed to the fact that the foregoing information constitutes good faith estimates only. The actual interest cost, finance charges, amount of proceeds and total payment amount may vary from the estimates above due to variations from these estimates in the timing of Series 2018 Bond sales, the amount of Series 2018 Bonds sold, the amortization of the Series 2018 Bonds sold and market interest rates at the time of each sale. The date of sale and the amount of Series 2018 Bonds sold will be determined by the Authority based on need for project funds and other factors. The actual interest rates at which the Series 2018 Bonds will be sold will depend on the bond market at the time of each sale. The actual amortization of the Series 2018 Bonds will also depend, in part, on market interest rates at the time of sale. Market interest rates are affected by economic and other factors beyond the City's and the Authority's control. The City and the Authority have approved the issuance of the Series 2018 Bonds with a maximum true interest cost of 7.0%.

EL CENTRO REGIONAL MEDICAL CENTER

RESOLUTION NO. 18-01

RESOLUTION OF THE BOARD OF TRUSTEES OF THE EL CENTRO REGIONAL MEDICAL CENTER APPROVING THE FORM OF INSTALLMENT PURCHASE AGREEMENT, TRUST AGREEMENT, PRELIMINARY LIMITED OFFERING MEMORANDUM, PURCHASE CONTRACT, AND CONTINUING DISCLOSURE AGREEMENT AND AUTHORIZING THE TAKING OF CERTAIN ACTIONS IN CONNECTION THEREWITH

WHEREAS, the El Centro Regional Medical Center (the “**Medical Center**”) is a municipal hospital, agency, and enterprise operation of the City of El Centro (the “**City**”), duly organized and existing pursuant to Section 37600 et seq. of the Government Code of the State of California (the “**Government Code**”);

WHEREAS, the El Centro Financing Authority (the “**Authority**”), is a Joint Powers Authority (a public body, corporate and politic) duly created, established and authorized to transact business and exercise its powers, all under and pursuant to the Joint Exercise of Powers Act (Articles 1 through 4 of Chapter 5, Division 7, Title 1 of the Government Code) and the powers of such Authority include the power to issue bonds for any of its corporate purposes; and

WHEREAS, the City is a local agency that desires the assistance of the Authority in financing and/or refinancing certain public capital improvements for the benefit of the Medical Center;

WHEREAS, the Authority is empowered pursuant to Article 4 of Chapter 5 of Division 7 of Title 1 of the Government Code to cause the design, acquisition and construction of certain additions, betterments, extensions and improvements to the Medical Center and to finance and/or refinance such additions, betterments, extensions and improvements through the issuance of revenue bonds in multiple series;

WHEREAS, pursuant to Section 6586.5 of the Government Code, a member of the Authority, which is not itself a joint powers authority, within whose boundaries the project being financed is to be located, is required to approve the financing and make a finding of significant public benefit in accordance with the criteria specified in Section 6586 of the Government Code after a public hearing, notice of which will be published once at least five days prior to the hearing in a newspaper of general circulation;

WHEREAS, the projects to be financed and/or refinanced for the Medical Center are located within the City, a local agency and a member of the Authority;

Attachment: ECRMC Resolution 18-01 (2673 : ECRMC Bond Refinancing)

WHEREAS, the Medical Center has requested that the City Council of the City conduct a public hearing, notice of which hearing must be published at least five days prior to the hearing in a newspaper of general circulation within the County of Imperial, and, following such public hearing, that the City Council shall make a finding of significant public benefit in accordance with the criteria specified in Section 6586 of the Government Code and adopt a resolution authorizing and approving the financing and/or refinancing of certain public capital improvements for the benefit of the Medical Center; and

WHEREAS, the Authority desires to assist the Medical Center and the City and authorize the issuance of revenue bonds to be designated as the El Centro Financing Authority Hospital Revenue Refunding Bonds (El Centro Regional Medical Center Project), Series 2018 (the “**Series 2018 Bonds**”) to assist in financing and/or refinancing of certain public capital improvements for the benefit of the Medical Center, including refinancing and redemption of the Authority’s outstanding Hospital Revenue Refunding Bonds (El Centro Regional Medical Center Project), Series 2015 A and Series 2015B (the “**Refunded Bonds**”);

NOW, THEREFORE, THE BOARD OF TRUSTEES OF THE EL CENTRO REGIONAL MEDICAL CENTER DOES HEREBY RESOLVE AS FOLLOWS:

Section 1. The Board of Trustees of the Medical Center (the “**Board**”) hereby finds and determines that the foregoing recitals are true and correct.

Section 2. The Board hereby approves the issuance and delivery of the Series 2018 Bonds in an amount not to exceed \$125,000,000 in accordance with the terms and conditions of a Trust Agreement to be executed and delivered by the Authority and MUFG Union Bank, N.A., as trustee.

Section 3. The Board hereby approves the form of Installment Purchase Agreement, Trust Agreement, Preliminary Limited Offering Memorandum, Purchase Contract, and Continuing Disclosure Agreement, with such revisions, amendments and completions as shall be approved by the Chief Executive Officer of the Medical Center or the Chief Financial Officer of the Medical Center (each, a “**Responsible Officer**”) with the advice of counsel to the Medical Center, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 4. Any Responsible Officer is hereby authorized and directed to execute and deliver any and all documents and to do and cause to be done any and all acts and things necessary or proper for carrying out the transactions contemplated by this Resolution, including, but not limited to, retaining the services of a dissemination agent to facilitate compliance with Rule 15c2-12 adopted by the Securities and Exchange Commission and paying all fees incurred in connection with the issuance of the Series 2018 Bonds and the other transactions contemplated by this Resolution. All prior actions by any Responsible Officer and any other officer of the Medical Center relating to the Series 2018 Bonds and the transactions contemplated by this Resolution are hereby approved, ratified and confirmed.

Section 5. The Secretary of the Medical Center shall certify to the adoption of this Resolution, and thenceforth and thereafter the same shall be in full force and effect.

Notwithstanding the foregoing, such certification and any of the other duties and responsibilities assigned to the Secretary pursuant to this Resolution may be performed by the Board Executive Secretary with the same force and effect as if performed by the Secretary hereunder.

PASSED AND ADOPTED at the special meeting of the Board of Trustees of El Centro Regional Medical Center held on the 19th day of March 2018.

**EL CENTRO REGIONAL MEDICAL
CENTER**

By: 

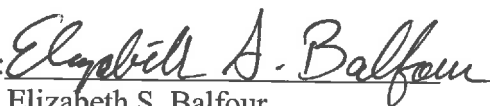
JOE PICAZO, JR., President

ATTEST:

By: 

AMANDA BROOKE, Secretary

APPROVED AS TO FORM:

By: 

Elizabeth S. Balfour
Outside General Counsel

Attachment: ECRMC Resolution 18-01 (2673 : ECRMC Bond Refinancing)

STATE OF CALIFORNIA)
)
 COUNTY OF IMPERIAL) ss.
)
 CITY OF EL CENTRO)

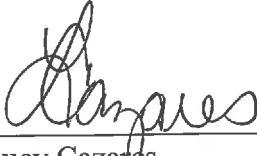
I, Lucy Cazares, Board Executive Secretary of El Centro Regional Medical Center, El Centro California, do hereby certify that the foregoing Resolution No. ECRMC 18-01 was duly and regularly adopted at a special meeting of the Board of Trustees of the El Centro Regional Medical Center held on the 19th day of March 2018 by the following vote:

AYES: Picazo, Alvarado, Maysent, Tomaszewski,

NOES: 0

ABSENT: Walker, Silva, Brooke

ABSTAIN: 0

By: 

 Lucy Cazares,
 Board Executive Secretary

Attachment: ECRMC Resolution 18-01 (2673 : ECRMC Bond Refinancing)

\$125,000,000
El Centro Financing Authority
Hospital Revenue Refunding Bonds
(El Centro Regional Medical Center Project)
Series 2018

PURCHASE CONTRACT

El Centro Financing Authority
 1275 Main Street
 El Centro, California 92243

City of El Centro
 1275 Main Street
 El Centro, California 92243

El Centro Regional Medical Center
 1415 W. Ross Avenue
 El Centro, California 92243

The undersigned, KeyBanc Capital Markets Inc. (the “Underwriter”), offers to enter into the following agreement with El Centro Financing Authority (the “Authority”), the City of El Centro, California (the “City”) and the El Centro Regional Medical Center (the “Medical Center”), which, upon acceptance of this offer by the Authority, the City and the Medical Center, will be binding upon the Authority, the City and the Medical Center and upon the Underwriter. This offer is made subject to acceptance of this Purchase Contract by the Authority, the City and the Medical Center on or before 11:59 p.m., California time, on the date set forth in item 1 of **Schedule A** attached hereto (the “Date Hereof”). Terms used herein and not otherwise defined shall have the same meanings assigned to them in the Limited Offering Memorandum, dated April 4, 2018 (the “Limited Offering Memorandum”), relating to the offering of the Bonds (as hereinafter defined).

1. *Purchase Price.* Upon the terms and conditions and upon the basis of the respective representations, warranties and covenants set forth herein, the Underwriter hereby agrees to purchase from the Authority and the Authority hereby agrees to sell and deliver to the Underwriter, all (but not less than all) of the El Centro Financing Authority Hospital Revenue Refunding Bonds (El Centro Regional Medical Center Project), Series 2018 (the “Bonds”) on the date set forth in item 2 of **Schedule A** attached hereto or such other date as shall have been mutually agreed upon (the “Closing Date”). The Bonds will be issued pursuant to a Trust Agreement, dated as of April 1, 2018 (the “Trust Agreement”), between the Authority and MUFG Union Bank, N.A., as trustee (the “Trustee”), and the proceeds thereof will be used to (i) refund the Refunded Bonds, (ii) finance and refinance improvements to the Medical Center’s Facilities (the “Medical Center Projects”), (iii) fund a Bond Reserve Account and a Capitalized Interest Account, and (iv) pay costs of issuance. Pursuant to the terms of an Installment Purchase Agreement, dated as of April 1, 2018 (the “Installment Agreement”), among the Authority, the City and the Medical Center, the Medical Center will agree to make payments on behalf of the City

to the Authority in the amounts and at the times necessary to enable the Authority to pay the principal and redemption price of and interest on the Bonds. The aggregate principal amount of the Bonds, the date of the Bonds, the dates of maturities of the Bonds, the redemption provisions, the interest rates and the public offering prices for or yields of the Bonds are set forth in item 3 of **Schedule A** attached hereto, and shall in all other respects be the same Bonds described in the Limited Offering Memorandum. The purchase price to be paid by the Underwriter for the Bonds shall be as set forth in item 4 of **Schedule A** attached hereto.

2. *Financing Documents.* On the Date Hereof, the Authority, the City and the Medical Center shall deliver to the Underwriter a copy of the form of the Trust Agreement, the form of the Installment Agreement, and the form of the Continuing Disclosure Agreement, dated as of the Closing Date (the “Continuing Disclosure Agreement,” and collectively with the Trust Agreement, the Installment Agreement, and this Purchase Contract, the “Financing Documents”), intended to be executed by the Medical Center, the City and Wulff Hansen & Co., as Dissemination Agent.

3. *Limited Public Offering.* The Underwriter agrees to make a bona fide limited public offering of all the Bonds at a price not in excess of the respective initial public offering prices nor with a yield below the yields, as applicable, set forth in item 3 of **Schedule A** attached hereto; provided, however, subject to the provisions of Section 15 hereof, the Underwriter reserves the right to change such initial public offering prices or yields as the Underwriter deems necessary or desirable, in its discretion, in connection with the marketing of the Bonds, and may offer and sell the Bonds to certain dealers, unit investment trusts and money market funds, certain of which may be sponsored or managed by the Underwriter, at prices lower than the public offering prices or with yields greater than the yields set forth in item 3 of **Schedule A**. The parties hereto acknowledge that the Underwriter shall limit the initial sale of the Bonds to qualified institutional buyers (“Qualified Institutional Buyers”), as defined in Rule 144A promulgated under the Securities Act of 1933, as amended (the “Securities Act”) and accredited investors (“Accredited Investors”), as defined in Rule 501(a) promulgated under the Securities Act, and that further resale of the Bonds by such persons shall be restricted by and subject to the provisions of the Trust Agreement.

4. *Limited Offering Memorandum.* Not later than seven days following the Date Hereof, the Medical Center shall deliver to the Underwriter a final limited offering memorandum (together with the cover and all appendices thereto, the “Limited Offering Memorandum”), in substantially the form presented to the City Council of the City at its meeting held on April 3, 2018, to approve the issuance of the Bonds, with only those substantive changes as are approved by the Underwriter, which approval shall not be unreasonably withheld. The Limited Offering Memorandum shall be deemed final as of its date, in compliance with Rule 15c2-12, as amended (the “Rule”) promulgated by the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended (the “Exchange Act”), by (i) the Authority, with respect only to the statements with respect to the Authority under the captions “INTRODUCTION – The Authority” and “NO LITIGATION”), (ii) the City, with respect only to the statements with respect to the City under the captions “INTRODUCTION – The City” and “NO LITIGATION” and in Appendix C thereto, and (iii) the Medical Center with respect to all other statements therein. The Authority, the City and the Medical Center hereby authorize the use of the Limited Offering

Memorandum by the Underwriter in connection with the limited public offering and sale of the Bonds.

The Underwriter agrees to (a) file a copy of the Limited Offering Memorandum with the Municipal Securities Rulemaking Board (the “MSRB”) in accordance with the Rule, and (b) to notify the Authority, the City and the Medical Center if on the Closing Date it retains any unsold balance of Bonds for sale to the public. In the absence of such notice, the Authority, the City and the Medical Center shall deem the “end of the underwriting period” (as defined in the Rule) to be the Closing Date. If the Underwriter retains any such unsold balance, it shall promptly notify the Authority, the City and the Medical Center of the date on which the Underwriter no longer retains any unsold balance of Bonds for sale to the public.

5. *Authority’s Representations and Warranties.* The Authority hereby represents and warrants to, and agrees with each of the Medical Center, the City and the Underwriter as follows, all of which shall survive the Closing:

(a) The Authority is a public entity duly organized and existing as a joint exercise of powers authority under and by virtue of the laws of the State of California (the “State”) established under Articles 1 through 4 (commencing with Section 6500) of Chapter 5 of Division 7 of Title 1 of the California Government Code (the “Act”), with full power and authority to execute and deliver this Purchase Contract, the Trust Agreement and the Installment Agreement (collectively, the “Authority Documents”), to perform its obligations under each, and to issue and sell the Bonds pursuant hereto and pursuant to the Trust Agreement.

(b) The Authority has taken all necessary action and has complied with all provisions of the Constitution of the State and the Act required to make the Authority Documents and the Bonds the valid obligations they purport to be; and when executed and delivered by the parties hereto and thereto, the Authority Documents will constitute legal, valid and binding agreements of the Authority and, assuming the due authorization, execution and delivery of such instruments by the other parties thereto and their authority to perform such instruments, will be enforceable against the Authority in accordance with their respective terms, except as enforceability may be subject to the exercise of judicial discretion in accordance with general equitable principles and to applicable bankruptcy, insolvency, reorganization, moratorium and other laws for the relief of debtors heretofore or hereafter enacted to the extent that the same may be constitutionally applied and except as any indemnification or contribution provisions thereof may be limited under applicable securities laws.

(c) When delivered to and paid for by the Underwriter in accordance with the terms of this Purchase Contract and the Trust Agreement, the Bonds will (i) constitute legal, valid and binding special obligations of the Authority enforceable against the Authority in accordance with their terms, except as enforceability may be subject to the exercise of judicial discretion in accordance with general equitable principles and to applicable bankruptcy, insolvency, reorganization, moratorium and other laws for the relief of debtors heretofore or hereafter enacted to the extent that the same may be constitutionally applied, and (ii) be entitled to the benefits of the Trust Agreement pursuant to the terms thereof.

(d) If, after the date of this Purchase Contract and until the earlier of (i) ninety (90) days after the end of the underwriting period or (ii) the time when the Limited Offering Memorandum is available to any person from the MSRB, but in no case less than twenty-five (25) days after the end of the underwriting period, the Authority becomes aware of any event that would cause the information appearing under the captions “INTRODUCTION – The Authority” or “NO LITIGATION” (solely as it pertains to the Authority) in the Limited Offering Memorandum to contain any untrue statement of a material fact or to omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, the Authority agrees to notify the Underwriter (and for purposes of this paragraph to provide the Underwriter with such information as it may from time to time reasonably request), and if in the opinion of the Underwriter such event requires the preparation and publication of a supplement or amendment to the Limited Offering Memorandum, at the Medical Center’s expense, to supplement or amend the Limited Offering Memorandum in a form and manner approved by the Underwriter, the Authority, the City and the Medical Center and to furnish, at the Medical Center’s expense, to the Underwriter a reasonable number of copies of such supplement or amendment.

(e) With respect to information therein under the headings “INTRODUCTION – The Authority” and “NO LITIGATION,” insofar as the information under such caption relates solely to the Authority, the Limited Offering Memorandum is as of the Date Hereof and will be as of the Closing Date true, correct and complete in all material respects and does not and will not omit to state a material fact necessary to make the statements therein, in light of the circumstances in which they were made, not misleading. The Authority has assumed no responsibility for providing or reviewing any information contained in the Limited Offering Memorandum other than under the captions “INTRODUCTION – The Authority” and “NO LITIGATION,” insofar as the information under such caption relates to the Authority.

(f) The Authority will, but at the expense of the Underwriter, furnish such information, execute such instruments and take such other action in cooperation with the Underwriter as the Underwriter may reasonably request to qualify the Bonds for offer and sale under the “blue sky” or other securities laws and regulations of such states and other jurisdictions of the United States as the Underwriter may designate; provided, however, that the Authority will not be required to qualify as a foreign corporation or to file any general or special consents to service of process under the laws of any state or other jurisdiction.

(g) All consents, approvals, authorizations or orders of, or filings, registrations or declarations with, any court, governmental entity, legislative body, board, agency or commission which are required for the due authorization of, which would constitute a condition precedent to or the absence of which would materially adversely affect the due performance by the Authority of, its obligations in connection with the execution, issuance, delivery or sale of the Bonds under the Trust Agreement and this Purchase Contract have been duly obtained and are in full force and effect, except for such approvals, consents and other actions as may be required under the “blue sky” or other securities laws of any state or other jurisdiction of the United States in connection with the offering and sale of the Bonds.

(h) The Authority is not in breach of or default under any applicable constitutional provision, law or administrative regulation of the State or the United States

relating to the issuance of the Bonds or any applicable judgment or decree or any loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the Authority is a party or to which the Authority or any of its property or assets is otherwise subject, and no event which would have a material and adverse effect upon the financial condition of the Authority has occurred and is continuing which constitutes or with the passage of time or the giving of notice, or both, would constitute a default or event of default by the Authority under any of the foregoing.

(i) The execution and delivery of the Bonds and the Authority Documents and compliance with the provisions on the Authority's part contained therein, will not conflict with or constitute a breach of or default under any constitutional provision, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the Authority is a party or to which the Authority is, or to which any of its property or assets are, otherwise subject.

(j) Except to the extent disclosed in the Limited Offering Memorandum, there is no litigation, action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, government agency, public board or body, pending or, to the best knowledge of the Authority, threatened against the Authority: (i) affecting the existence of the Authority or the titles of its officers to their respective offices, (ii) affecting or seeking to prohibit, restrain or enjoin the sale, issuance or delivery of the Bonds, (iii) in any way contesting or affecting the validity or enforceability of the Bonds or the Authority Documents, (iv) contesting the exclusion from gross income of interest on the Bonds for federal income tax purposes, (v) contesting in any way the completeness or accuracy of the Limited Offering Memorandum or any supplement or amendment thereto, or (vi) contesting the powers of the Authority or any authority for the issuance of the Bonds, or the execution and delivery of the Authority Documents, nor, to the best knowledge of the Authority, is there any basis therefor, wherein an unfavorable decision, ruling or finding would materially adversely affect the validity or enforceability of the Bonds or the Authority Documents or the consummation of the transactions contemplated hereby and thereby.

(k) Any certificate, signed by any officer of the Authority authorized to do so in connection with the transactions described in this Purchase Contract, shall be deemed a representation and warranty by the Authority (but not the officer of the Authority signing such certificate) to the Underwriter as to the statements made therein.

(l) The Authority shall not take or omit to take any action which action or omission will adversely affect the exclusion from gross income for federal income tax purposes of the interest on the Bonds.

6. *City Representations and Warranties.* The City hereby represents and warrants to, and agrees with each of the Medical Center, the Authority and the Underwriter as follows, all of which shall survive the Closing:

(a) The City is a charter city duly organized and existing under and by virtue of the laws of the State and the Charter of the City of El Centro (the "City Charter"), with full power and authority to execute and deliver this Purchase Contract, the Installment Agreement and

the Continuing Disclosure Agreement (collectively, the “City Documents”) and to undertake and perform its obligations thereunder and hereunder.

(b) The City has duly authorized all necessary action to be taken by it for: (i) the refunding of the Refunded Bonds and the financing and refinancing of the Medical Center Projects with the proceeds of the Bonds upon the terms set forth in this Purchase Contract and in the Trust Agreement; (ii) the approval of the Limited Offering Memorandum and the use by the Underwriter of the Limited Offering Memorandum in connection with the sale of the Bonds; and (iii) the execution, delivery and performance by the City of and under the City Documents and any and all such other agreements and documents as may be required to be executed, delivered and received by the City in order to carry out the transactions contemplated by such instruments and by the Limited Offering Memorandum. As of the Date Hereof, this Purchase Contract constitutes a legal, valid and binding agreement of the City and, assuming the due authorization, execution and delivery of this Purchase Contract by the Underwriter and its authority to perform this Purchase Agreement, is enforceable against the City in accordance with its terms, except as enforceability may be subject to the exercise of judicial discretion in accordance with general equitable principles and to applicable bankruptcy, insolvency, reorganization, moratorium and other laws for the relief of debtors heretofore or hereafter enacted to the extent that the same may be constitutionally applied and except as any indemnification or contribution provisions thereof may be limited under applicable securities laws. On the Closing Date, the City Documents will have been duly executed and delivered by the City and, assuming the due authorization, execution and delivery of such instruments by the other parties thereto and their authority to perform such instruments, will constitute legal, valid and binding obligations of the City enforceable in accordance with their respective terms, except as the enforceability thereof may be limited by laws relating to bankruptcy, insolvency, reorganization or other similar laws of general application affecting the rights of creditors and general principles of equity and except as any indemnification or contribution provisions thereof may be limited under applicable securities laws.

(c) Assuming the redemption of the Refunded Bonds in accordance with their terms, the execution and delivery of, and compliance with the terms and conditions of, the City Documents, and the carrying out and consummation of the transactions contemplated thereby and by the Limited Offering Memorandum, do not and will not violate or conflict with any of the terms and provisions of any statute, or any rule, order, regulation, judgment or decree of any court, agency, or other governmental or administrative board or body to which the City is subject, or conflict with or constitute a breach of or a default under any provision of the City Charter, or any material agreement, indenture, mortgage, lease, deed of trust, or other instrument to which the City is a party or by which the City or its properties are bound, except for violations, conflicts, breaches or defaults that would not have a material adverse effect on the City or the consummation of the transactions contemplated hereby and by the City Documents.

(d) If, after the date of this Purchase Contract and until the earlier of (i) ninety (90) days after the end of the underwriting period or (ii) the time when the Limited Offering Memorandum is available to any person from the MSRB, but in no case less than twenty-five (25) days after the end of the underwriting period, the City becomes aware of any event that would cause the information appearing under the captions “INTRODUCTION – The City” or “NO LITIGATION” (solely as it pertains to the City) in the Limited Offering Memorandum or in Appendix C thereto to contain any untrue statement of a material fact or to omit to state a material

fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, the City agrees to notify the Underwriter (and for purposes of this paragraph to provide the Underwriter with such information as it may from time to time reasonably request), and if in the opinion of the Underwriter such event requires the preparation and publication of a supplement or amendment to the Limited Offering Memorandum, at the Medical Center's expense, to supplement or amend the Limited Offering Memorandum in a form and manner approved by the Underwriter, the Authority, the City and the Medical Center and to furnish, at the Medical Center's expense, to the Underwriter a reasonable number of copies of such supplement or amendment.

(e) With respect to information therein under the headings "INTRODUCTION – The City" and "NO LITIGATION," insofar as the information under such caption relates solely to the City, and in Appendix C thereto, the Limited Offering Memorandum is as of the Date Hereof and will be as of the Closing Date true, correct and complete in all material respects and does not and will not omit to state a material fact necessary to make the statements therein, in light of the circumstances in which they were made, not misleading. The City has assumed no responsibility for providing or reviewing any information contained in the Limited Offering Memorandum other than under the captions "INTRODUCTION – The City" and "NO LITIGATION," insofar as the information under such caption relates to the City, and in Appendix C thereto.

(f) The City will, but at the sole expense of the Underwriter, furnish such information, execute such instruments and take such other action in cooperation with the Underwriter as the Underwriter may reasonably request to qualify the Bonds for offer and sale under the "blue sky" or other securities laws and regulations of such states and other jurisdictions of the United States as the Underwriter may designate; provided, however, that the City will not be required to qualify as a foreign corporation or to file any general or special consents to service of process under the laws of any state or other jurisdiction.

(g) All authorizations, approvals, licenses, permits, consents and orders of any governmental authority, legislative body, board, agency or commission having jurisdiction of the matters which are required for the due authorization of, which would constitute a condition precedent to, or the absence of which would materially adversely affect the execution by the City of the City Documents, or the due performance by the City of its obligations under the City Documents have been duly obtained.

(h) Except to the extent disclosed in the Limited Offering Memorandum, there is no litigation, action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, government agency, public board or body, pending or, to the best knowledge of the City, threatened against the City: (i) affecting the existence of the City or the titles of its officers to their respective offices, (ii) affecting or seeking to prohibit, restrain or enjoin the sale, issuance or delivery of the Bonds, (iii) in any way contesting or affecting the validity or enforceability of the Bonds or the City Documents, (iv) contesting the exclusion from gross income of interest on the Bonds for federal income tax purposes, (v) contesting in any way the completeness or accuracy of the Limited Offering Memorandum or any supplement or amendment thereto, or (vi) contesting the powers of the City or any authority for the execution and delivery of the City Documents, nor, to the best knowledge of the City, is there any basis therefor, wherein an unfavorable decision, ruling

or finding would materially adversely affect the validity or enforceability of the Bonds or the City Documents or the consummation of the transactions contemplated hereby and thereby.

(i) The City shall not take or omit to take any action which action or omission will adversely affect the exclusion from gross income for federal income tax purposes of the interest on the Bonds.

(j) Any certificate, signed by any officer of the City authorized to do so in connection with the transactions described in this Purchase Contract, shall be deemed a representation and warranty by the City (but not the officer of the City signing such certificate) to the Underwriter as to the statements made therein.

7. *Medical Center Representations and Warranties.* As inducement to the Authority, the City and the Underwriter to enter into this Purchase Contract and to make the offering of Bonds herein contemplated, the Medical Center hereby represents, warrants and agrees with each of the Authority, the City and the Underwriter as follows, all of which shall survive the Closing:

(a) The Medical Center is a municipal hospital, separate agency and enterprise operation of the City duly organized and existing under and by virtue of the laws of the State, including Article 7 (commencing with Section 37000) of Chapter 5 of Part 2 of Division 3 of Title 4 of the Government Code California of the State, established pursuant to Ordinance No. 85-11, enacted by the City on October 2, 1985, as amended (the “Medical Center Ordinance”) and is duly organized and validly existing and has full power and authority to execute and deliver this Purchase Contract, the Installment Agreement and the Continuing Disclosure Agreement (collectively, the “Medical Center Documents”) and to undertake and perform its obligations thereunder and hereunder.

(b) The Medical Center has duly authorized all necessary action to be taken by it for: (i) the refunding of the Refunded Bonds and the financing and refinancing of the Medical Center Projects with the proceeds of the Bonds upon the terms set forth in this Purchase Contract and in the Trust Agreement; (ii) the approval of the Limited Offering Memorandum and the use by the Underwriter of the Limited Offering Memorandum in connection with the sale of the Bonds; and (iii) the execution, delivery and performance by the Medical Center of and under the Medical Center Documents and any and all such other agreements and documents as may be required to be executed, delivered and received by the Medical Center in order to carry out the transactions contemplated by such agreements and documents. As of the Date Hereof, this Purchase Contract constitutes a legal, valid and binding agreement of the Medical Center and, assuming the due authorization, execution and delivery of this Purchase Contract by the Underwriter and its authority to perform this Purchase Agreement, is enforceable against the Medical Center in accordance with its terms, except as enforceability may be subject to the exercise of judicial discretion in accordance with general equitable principles and to applicable bankruptcy, insolvency, reorganization, moratorium and other laws for the relief of debtors heretofore or hereafter enacted to the extent that the same may be constitutionally applied and except as any indemnification or contribution provisions thereof may be limited under applicable securities laws. On the Closing Date, the Medical Center Documents will have been duly executed and delivered by the Medical Center and, assuming the due authorization, execution and delivery of such instruments by the other parties thereto and their authority to perform such instruments, will constitute legal, valid and

binding obligations of the Medical Center enforceable in accordance with their respective terms, except as the enforceability thereof may be limited by laws relating to bankruptcy, insolvency, reorganization or other similar laws of general application affecting the rights of creditors and general principles of equity and except as any indemnification or contribution provisions thereof may be limited under applicable securities laws.

(c) Assuming the redemption of the Refunded Bonds in accordance with their terms, the execution and delivery of, and compliance with the terms and conditions of, the Medical Center Documents, and the carrying out and consummation of the transactions contemplated thereby and by the Limited Offering Memorandum, do not and will not violate or conflict with any of the terms and provisions of any statute, or any rule, order, regulation, judgment or decree of any court, agency, or other governmental or administrative board or body to which the Medical Center is subject, or conflict with or constitute a breach of or a default under any provision of the Medical Center Ordinance or the by-laws of the Medical Center, or any material agreement, indenture, mortgage, lease, deed of trust, or other instrument to which the Medical Center is a party or by which the Medical Center or its properties are bound, except for violations, conflicts, breaches or defaults that would not have a material adverse effect on the Medical Center or its financial condition, or the consummation of the transactions contemplated hereby and by the Medical Center Documents.

(d) The Limited Offering Memorandum is as of the Date Hereof and will be as of the Closing Date, true and correct in all material respects and does not and will not omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading. The Medical Center has approved and consents to the use of the Limited Offering Memorandum by the Underwriter.

(e) The Medical Center has the legal authority to apply and will apply, or cause to be applied, the proceeds of the Bonds as provided in and subject to all of the terms and provisions of the Medical Center Documents and the Trust Agreement, including for payment or reimbursement of expenses incurred in connection with the negotiation, marketing, issuance and delivery of the Bonds to the extent required by Section 14 of this Purchase Contract. The Medical Center will not take or omit to take any action which will in any way cause or result in the proceeds of the sale of the Bonds being applied in a manner other than as provided in the Medical Center Documents and the Trust Agreement and as described in the Limited Offering Memorandum.

(f) Except as described in the Limited Offering Memorandum, in the past five years, the Medical Center has not failed to comply in any material respect with any previous undertaking in a written contract or agreement of the type specified in paragraph (b)(5)(i) of the Rule.

(g) Since June 30, 2017, there has been no material adverse change in the financial position of the Medical Center not disclosed in the Limited Offering Memorandum, nor has the Medical Center incurred any material liabilities other than liabilities that have been incurred in the ordinary course of business or that are set forth in or contemplated by the Limited Offering Memorandum.

(h) The Medical Center is not in breach of or default under any applicable constitutional provision, law or administrative regulation of the State or the United States relating to the issuance of the Bonds or any applicable judgment or decree, except as described in the Limited Offering Memorandum, or any loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the Medical Center is a party or to which the Medical Center or any of its property or assets is otherwise subject, and no event which would have a material and adverse effect upon the financial condition of the Medical Center has occurred and is continuing which constitutes or with the passage of time or the giving of notice, or both, would constitute a default or event of default by the Medical Center under any of the foregoing.

(i) All authorizations, approvals, licenses, permits, consents and orders of any governmental authority, legislative body, board, agency or commission having jurisdiction of the matters which are required for the due authorization of, which would constitute a condition precedent to, or the absence of which would materially adversely affect the execution by the Medical Center of the Medical Center Documents, or the due performance by the Medical Center of its obligations under the Medical Center Documents have been duly obtained.

(j) Except to the extent disclosed in the Limited Offering Memorandum, there is no litigation, action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, government agency, public board or body, pending or, to the best knowledge of the Medical Center, threatened against the Medical Center: (i) affecting the existence of the Medical Center or the titles of its officers to their respective offices, (ii) affecting or seeking to prohibit, restrain or enjoin the sale, issuance or delivery of the Bonds, (iii) in any way contesting or affecting the validity or enforceability of the Bonds or the Medical Center Documents, (iv) contesting the exclusion from gross income of interest on the Bonds for federal income tax purposes, (v) contesting in any way the completeness or accuracy of the Limited Offering Memorandum or any supplement or amendment thereto, (vi) contesting the powers of the Medical Center or any authority for the execution and delivery of the Medical Center Documents, nor, to the best knowledge of the Medical Center, is there any basis therefor, wherein an unfavorable decision, ruling or finding would materially adversely affect security for the Bonds or the validity or enforceability of the Bonds or the Medical Center Documents, or (vii) which in any case or in the aggregate, if adversely determined, would result in any material liability on the part of the Medical Center or inability of the Medical Center to conduct its business or perform the obligations contemplated in the Medical Center Documents.

(k) The financial statements of, and other financial information regarding the Medical Center in the Limited Offering Memorandum fairly present the financial position and results of operations of the Medical Center as of the dates and for the periods therein set forth. The financial statements of the Medical Center have been prepared in accordance with generally accepted accounting principles consistently applied, except as may be expressly stated in the related notes thereto, and except as noted in the Limited Offering Memorandum, the other historical financial information set forth in the Limited Offering Memorandum has been presented on a basis consistent with that of the Medical Center's audited financial statements included in the Limited Offering Memorandum.

(l) All financial and other factual information supplied by the Medical Center in writing to the Underwriter pursuant to or in connection with the Medical Center Documents or

the Limited Offering Memorandum is accurate in all material respects; provided, however, that, while the assumptions the Medical Center's management used as a basis for the financial projections supplied by the Medical Center to the Underwriter were reasonable at the time such financial projections were prepared, such financial projections: (i) necessarily make numerous assumptions, many of which are beyond the control of the Medical Center and may not prove to have been, or may no longer be, accurate; (ii) necessarily do not reflect changes in general business or economic conditions or any other transaction or event that has occurred or that may occur and that were not anticipated at the time such financial projections were prepared; (iii) are not necessarily indicative of future performance, which may be significantly less favorable to the Medical Center than set forth in such financial projections; and (iv) should not be regarded as a representation that such financial projections will be achieved.

8. *Covenants of the Medical Center.* The Medical Center covenants and agrees with the Authority, the City and the Underwriter as follows:

(i) If after the date of this Purchase Contract and until the earlier of (i) ninety (90) days after the end of the underwriting period or (ii) the date when the Limited Offering Memorandum is available to any person from the MSRB, but in no event less than twenty-five (25) days after the end of the underwriting period, any event shall occur as a result of which it is necessary to amend or supplement the Limited Offering Memorandum in order to make the statements therein, in light of the circumstances in which they were made and at the time when the Limited Offering Memorandum is delivered to a prospective purchaser true and correct in all material respects and with no omission of material facts necessary to make the statements therein, in light of the circumstances in which they were made not misleading, the Medical Center will cooperate with the Authority, the City and the Underwriter in the preparation of a revised Limited Offering Memorandum or amendments or supplements to the Limited Offering Memorandum so that the statements in the Limited Offering Memorandum, as revised, or the Limited Offering Memorandum, as so amended or supplemented, will not, in light of the circumstances in which they were made and at the time when such Limited Offering Memorandum is delivered to a prospective purchaser, be misleading.

(ii) The Medical Center will cooperate with the Underwriter and its counsel in any endeavor to qualify the Bonds for offering and sale under the securities or "blue sky" laws of such jurisdictions of the United States as the Underwriter may request; provided, however, that the Medical Center shall not be required to qualify as a foreign corporation or to file a general written consent to suit or service of process in any state or other jurisdiction.

(iii) Between the Date Hereof and the Closing Date, the Medical Center will not take any action that would cause the representations and warranties contained in Section 7 of this Purchase Contract to be untrue as of the Closing Date. On the Closing Date, the Medical Center shall deliver or cause to be delivered all opinions, certificates and other documents to be delivered by it or on its behalf as provided for in this Purchase Contract, and to deliver such additional certificates and other documents as the Authority, the City or the Underwriter may reasonably request to evidence performance of or compliance with the provisions of this Purchase Contract and the transactions contemplated by the Limited Offering Memorandum and the Financing Documents, all such certificates and other documents to be reasonably satisfactory in form and substance to the Underwriter, the Authority and the City.

(iv) In order to permit the Underwriter to satisfy its obligations under Section 4 of this Purchase Contract, the Medical Center will furnish to the Underwriter copies of the Limited Offering Memorandum and any amendments and supplements thereto, in each case as soon as practicable, but in any event in the case of the Limited Offering Memorandum within seven (7) Business Days of the date of this Purchase Contract and in no event less than two (2) business days prior to Closing, which copies shall be furnished at a minimum in such quantities as shall be reasonably requested by the Underwriter to fulfill its obligations under paragraph (b)(4) of the Rule.

(v) Prior to the Closing, the Medical Center will not take any action within or under its control that will cause any adverse change of a material nature in the financial position, results of operations or condition, financial or otherwise, of the Medical Center.

(vi) The Medical Center will not, prior to the Closing Date, offer or issue any bonds, notes or other obligations for borrowed money or incur any material liabilities, direct or contingent, except in the ordinary course of business, as previously disclosed to the Underwriter, or as contemplated in the Limited Offering Memorandum, without the prior approval of the Underwriter.

(vii) The Medical Center shall not take or omit to take any action which action or omission will adversely affect the exclusion from gross income for federal income tax purposes of the interest on the Bonds.

(viii) Any certificate, signed by any officer of the Medical Center authorized to do so in connection with the transactions described in this Purchase Contract, shall be deemed a representation and warranty by the Medical Center (but not the officer of the Medical Center signing such certificate) to the Underwriter as to the statements made therein.

9. *Registered Form.* The Bonds shall be in fully registered form, and one typewritten Bond in the aggregate principal amount of each maturity of the Bonds shall be registered initially in the name of CEDE & Co. as nominee of The Depository Trust Company, New York, New York ("DTC").

10. *Auditor Letters.* On or before the date of the Limited Offering Memorandum, the Medical Center shall have delivered to the Underwriter: (i) an executed copy of a letter of Wipfli LLP (the "Auditor"), dated as of the date of the Limited Offering Memorandum, addressed to the Medical Center, consenting to the inclusion in the Limited Offering Memorandum of the Auditor's report, dated December 19, 2017, relating to its audit of the financial statements of the Medical Center for the fiscal year ended June 30, 2017 (the "Auditor Report"), and (ii) a letter (the "AUP Letter"), executed by the Auditor, in form and substance satisfactory to the Underwriter, setting forth the results of certain specified procedures undertaken by the Auditor with respect to the financial information for the fiscal years ended June 30, 2013, June 30, 2014, June 30, 2015, June 30, 2016 and June 30, 2017, and the seventh-month periods ended January 31, 2017 and January 31, 2018 set forth in Appendix A to the Limited Offering Memorandum.

11. *Closing.* On the Closing Date, or such other date as shall have been mutually agreed upon, the Authority, the City and the Medical Center will deliver to the Underwriter, by

delivery of the Bonds to the Trustee as custodial agent for DTC, the Bonds in fully registered definitive form, duly executed and authenticated, together with the other documents hereinafter mentioned, and the Underwriter will accept such delivery and pay the purchase price of the Bonds as set forth in item 4 of **Schedule A** attached hereto. The Closing will be via the Fast Automated Securities Transfer program (“FAST”) of DTC and the Bonds will be held by the Trustee, as custodial agent for DTC. Payment for the Bonds as aforesaid shall be made at such place in Los Angeles, California, as shall have been mutually agreed upon. This payment for, and delivery of, the Bonds is referred to herein as the “Closing.” The Bonds will be made available for examination in Los Angeles, California one (1) business day prior to the Closing.

12. *Conditions Precedent.* The Underwriter’s obligations hereunder to purchase and pay for the Bonds shall be subject to the performance by the Authority, the City and the Medical Center of their respective obligations to be performed hereunder at or prior to the Closing and the accuracy of the representations and warranties contained herein as of the Date Hereof and as of the Closing and shall be subject to the following:

(a) That at the time of the Closing, (i) the Financing Documents shall be in full force and effect, and shall not have been amended, modified, or supplemented except as may have been agreed to by the Underwriter, the Authority, the City and the Medical Center, and the Limited Offering Memorandum shall not have been amended, modified or supplemented except as may have been agreed to by the Underwriter, the Authority, with respect to the information under the headings “INTRODUCTION – The Authority” and “NO LITIGATION” (insofar as such information relates to the Authority), the City, with respect to the information under the headings “INTRODUCTION – The City” and “NO LITIGATION” (insofar as such information relates to the City) and in Appendix C, and the Medical Center; and (ii) there shall have been taken in connection with the issuance of the Bonds such actions as, in the opinion of Norton Rose Fulbright, LLP (“Bond Counsel”), shall be necessary and appropriate in connection with the transactions contemplated hereby; and

(b) That at or prior to the Closing the undersigned shall receive the following documents:

(i) executed copies of the Financing Documents;

(ii) a copy of the Limited Offering Memorandum executed on behalf of the Authority by its Executive Director and on behalf of the Medical Center by its chief executive officer and/or its chief financial officer;

(iii) an opinion of Bond Counsel, dated the Closing Date, in substantially the form attached as Appendix G to the Limited Offering Memorandum, together with a letter to each of the Underwriter and Preston Hollow Capital, LLC (the “Initial Purchaser”) stating that the Underwriter and the Initial Purchaser, respectively, may rely on such opinion as if it were addressed to it;

(iv) a certificate of the Authority, dated the Closing Date and signed by an authorized officer of the Authority, to the effect that (A) the information set forth in the Limited Offering Memorandum as of its date and as of the Closing Date

under the headings “INTRODUCTION – The Authority” and “NO LITIGATION” (insofar as it relates to the Authority) did not and does not include any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in light of the circumstances in which they were made, not misleading, (B) the Authority has performed and complied with all agreements and conditions required by this Purchase Contract to be performed or complied with by it at or prior to the Closing Date, (C) no litigation is pending or, to the best knowledge of the Authority, threatened against the Authority (either in state or federal courts) (1) affecting the existence of the Authority or the titles of its officers to their respective offices, (2) affecting or seeking to prohibit, restrain or enjoin the sale, issuance or delivery of the Bonds, (3) in any way contesting or affecting the validity or enforceability of the Bonds or the Authority Documents or the consummation of the transactions contemplated hereby and thereby, (4) contesting the exclusion from gross income of interest on the Bonds for federal income tax purposes, (5) contesting in any way the completeness or accuracy of the Limited Offering Memorandum or any supplement or amendment thereto, or (6) contesting the powers of the Authority or any authority for the issuance of the Bonds, or the execution and delivery of the Authority Documents, nor, to the best knowledge of the Authority, is there any basis therefor, wherein an unfavorable decision, ruling or finding would materially adversely affect the validity or enforceability of the Bonds or the Authority Documents; (D) that the representations and warranties of the Authority contained in the Authority Documents are true and correct as of the Closing Date; (E) that the resolutions with respect to the Bonds adopted by the Authority were adopted in accordance with applicable law and the by-laws of the Authority and remain in full force and effect in the form initially adopted; and (F) that the Authority Documents and the Bonds were executed by duly authorized officers of the Authority;

(v) a supplemental opinion of Bond Counsel, dated the Closing Date, addressed to the Authority, the Underwriter and the Trustee, in substantially the form attached hereto as **Exhibit A**;

(vi) an opinion of Norton Rose Fulbright US LLP, as disclosure counsel to the Medical Center, dated the Closing Date, addressed to the Authority, the City, the Medical Center and the Underwriter, in substantially the form attached hereto as **Exhibit B**;

(vii) an opinion, dated the Closing Date, of counsel to the City, addressed to the Authority and to the Underwriter, to the effect that (subject to customary qualifications and limitations): (1) the City is a charter city duly organized and existing under and by virtue of the laws of the State and the City Charter with full power and authority to enter into and perform its obligations under the City Documents; (2) the City Documents have been duly authorized, executed and delivered by the City and, assuming due authorization, execution and delivery by the other parties thereto, constitute binding and enforceable agreements of the City in accordance with their terms; (3) the execution and delivery of the City Documents, and compliance with the provisions thereof,

under the circumstances contemplated thereby, do not and will not in any material respect conflict with or constitute on the part of the City a breach of or default under the City Charter or based upon inquiry of appropriate officers of the City under any other agreement or instrument to which the City is a party or any existing law, regulation, court order or consent decree to which the City is subject; (4) no authorization, approval, consent or other order of the State or any local agency of the State, other than such authorizations, approvals and consents that have been obtained, is required for the valid authorization, execution, delivery and performance of the City Documents, the authorization and distribution of the Limited Offering Memorandum, and the consummation of the transactions contemplated thereby; (5) based upon inquiry of appropriate officers of the City, there is no action, suit, proceeding or investigation at law or in equity before or by any judicial or administrative court or agency, pending or threatened against or affecting the City, wherein an unfavorable decision, ruling or finding would adversely affect the transactions contemplated by the City Documents and this Purchase Contract or the validity of the Bonds; and (6) based solely upon due inquiry of appropriate officers of the Medical Center and certificates obtained from appropriate government officials, the Medical Center has been duly formed and is validly existing as a municipal hospital, separate agency and enterprise operation of the City duly organized and existing under and by virtue of the laws of the State, established pursuant the Medical Center Ordinance with full power and authority to conduct the activities now being conducted by it and to enter into and perform its obligations under the Medical Center Documents;

(viii) an opinion, dated the Closing Date, of counsel to the Authority, addressed to the Underwriter, to the effect that (subject to customary qualifications and limitations): (1) the Authority is a public entity duly organized and existing as a joint exercise of powers authority under and by virtue of the laws of the State with full power and authority to enter into and perform its obligations under the Authority Documents; (2) the Authority Documents have been duly authorized, executed and delivered by the Authority and, assuming due authorization, execution and delivery by the other parties thereto, constitute binding and enforceable agreements of the Authority in accordance with their terms; (3) the execution and delivery of the Authority Documents, and compliance with the provisions thereof, under the circumstances contemplated thereby, do not and will not in any material respect conflict with or constitute on the part of the Authority a breach of or default under the Act or based upon inquiry of appropriate officers of the Authority under any other agreement or instrument to which the Authority is a party or any existing law, regulation, court order or consent decree to which the Authority is subject; (4) no authorization, approval, consent or other order of the State or any local agency of the State, other than such authorizations, approvals and consents that have been obtained, is required for the valid authorization, execution, delivery and performance of the Authority Documents, the authorization and distribution of the Limited Offering Memorandum, and the consummation of the transactions contemplated thereby; and (5) based upon inquiry of appropriate officers of the Authority, there is no action, suit, proceeding or investigation at law or in equity before or by any

judicial or administrative court or agency, pending or threatened against or affecting the Authority, wherein an unfavorable decision, ruling or finding would adversely affect the transactions contemplated by the Authority Documents and this Purchase Contract or the validity of the Bonds;

(ix) an opinion, dated the Closing Date, of Sheppard, Mullin, Richter & Hampton LLP, counsel to the Medical Center, addressed to the Authority and to the Underwriter, to the effect that (subject to customary qualifications and limitations): (1) the Medical Center Documents have been duly authorized, executed and delivered by the Medical Center and, assuming due authorization, execution and delivery by the other parties thereto, constitute binding obligations of the Medical Center enforceable in accordance with their respective terms; (2) the execution and delivery of the Medical Center Documents, and compliance with the provisions thereof, under the circumstances contemplated thereby, do not and will not in any material respect conflict with or constitute on the part of the Medical Center a breach of or default under the Medical Center Ordinance or the Medical Center's bylaws or, based upon inquiry of appropriate officers of the Medical Center, under any other agreement or instrument set forth in an exhibit to such opinion to which the Medical Center is a party or any existing law or regulation, or any court order or consent decree known to such counsel to which the Medical Center is subject; (3) no authorization, approval, consent or other order of the State or any local agency of the State, other than such authorizations, approvals and consents that have been obtained, is required for the valid authorization, execution, delivery and performance by the Medical Center of the Medical Center Documents, its authorization and distribution of the Limited Offering Memorandum, and the consummation of the transactions contemplated thereby; (4) to such counsel's knowledge, based solely upon due inquiry of appropriate officers of the Medical Center, there is no action, suit, proceeding or investigation pending or threatened against or affecting the Medical Center or its property, at law or in equity, by or before any judicial or administrative court or agency, in which an unfavorable decision, ruling or finding would have a material adverse affect on the transactions contemplated by the Medical Center Documents or the validity of the Bonds or, except as disclosed in the Limited Offering Memorandum, the Medical Center or its property; and (5) after having participated in conferences with officers and other representatives of the Medical Center, the Authority, the City and the Underwriter, no facts have come to their attention that would lead them to believe that those portions of the Limited Offering Memorandum, as its date and as of the Closing Date, entitled "INTRODUCTION" (solely with respect to the Medical Center and the Medical Center Projects), "PLAN OF FINANCE," "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2018 BONDS," "RISK FACTORS," "NO LITIGATION," "CONTINUING DISCLOSURE," and "APPENDIX A," contained or contain an untrue statement of a material fact, or omitted or omit to state a material fact, necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading (it being understood that such counsel need express no belief as to the financial statements and related notes and schedules or other financial, accounting or statistical data derived

therefrom included in the Limited Offering Memorandum or any amendment or supplement thereto);

(x) a certificate of the City, dated the Closing Date and signed by an authorized officer of the City, to the effect that (A) the information set forth in the Limited Offering Memorandum as of its date and as of the Closing Date under the headings “INTRODUCTION – The City” and “NO LITIGATION” (insofar as it relates to the City) and in Appendix C thereto did not and does not include any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in light of the circumstances in which they were made, not misleading, (B) the City has performed and complied with all agreements and conditions required by this Purchase Contract to be performed or complied with by it at or prior to the Closing Date, (C) no litigation is pending or, to the best knowledge of the City, threatened against the City (either in state or federal courts) (1) affecting the existence of the City or the titles of its officers to their respective offices, (2) affecting or seeking to prohibit, restrain or enjoin the sale, issuance or delivery of the Bonds, (3) in any way contesting or affecting the validity or enforceability of the Bonds or the City Documents, (4) contesting the exclusion from gross income of interest on the Bonds for federal income tax purposes, (5) contesting in any way the completeness or accuracy of the Limited Offering Memorandum or any supplement or amendment thereto, or (6) contesting the powers of the City or any authority for the execution and delivery of the City Documents, nor, to the best knowledge of the City, is there any basis therefor, wherein an unfavorable decision, ruling or finding would materially adversely affect the validity or enforceability of the City Documents; (D) that the representations and warranties of the City contained in the City Documents are true and correct as of the Closing Date; (E) that the resolutions with respect to the Bonds adopted by the City were adopted in accordance with law and the City Charter and remain in full force and effect in the form initially adopted; and (F) that the City Documents were executed by duly authorized officers of the City;

(xi) a certificate of the Medical Center, dated the Closing Date and signed by an authorized officer of the Medical Center, and in form and substance reasonably satisfactory to the Underwriter, to the effect that (A) each of the representations and warranties set forth in Section 7 hereof and in Article II of the Installment Agreement is true and correct on and as of the Closing Date; the Medical Center is not in default with respect to any of the covenants set forth in Section 8 hereof on and as of the Closing Date; and no Event of Default by the Medical Center under the Installment Agreement or under any of the documents or agreements contemplated therein or under this Purchase Contract, and no event which but for the lapse of time or service of notice or both would constitute an Event of Default under the Installment Agreement, has occurred and is continuing; (B) since the Date Hereof, there has been no material adverse change in the business or property or financial condition of the Medical Center, except as set forth in or contemplated by the Limited Offering Memorandum; (C) since the date of the Limited Offering Memorandum, there has been no material change in, and no material change is contemplated in, the identity or control of the Medical Center;

(D) except as disclosed in the Limited Offering Memorandum, there is no litigation, action, suit, proceeding, inquiry or investigation of any kind against the Medical Center before or by any State or federal court or governmental agency or body pending or, to the best knowledge and belief of the Medical Center, threatened (1) affecting the existence of the Medical Center or the titles of its officers to their respective offices, (2) affecting or seeking to prohibit, restrain or enjoin the sale, issuance or delivery of the Bonds, (3) in any way contesting or affecting the validity or enforceability of the Bonds or the Medical Center Documents, (4) contesting the exclusion from gross income of interest on the Bonds for federal income tax purposes, (5) contesting in any way the completeness or accuracy of the Limited Offering Memorandum or any supplement or amendment thereto, (6) contesting the powers of the Medical Center or any authority for the execution and delivery of the Medical Center Documents, nor, to the best knowledge of the Medical Center, is there any basis therefor, wherein an unfavorable decision, ruling or finding would materially adversely affect security for the Bonds or the validity or enforceability of the Bonds or the Medical Center Documents, or (7) which in any case or in the aggregate, if adversely determined, would result in any material liability on the part of the Medical Center or inability of the Medical Center to conduct its business or perform the obligations contemplated in the Medical Center Documents; (E) the information contained in the Limited Offering Memorandum as of its date and as of the Closing Date was and is true and correct, and did not and does not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein not misleading in light of the circumstances under which they were made;

(xii) the Bonds;

(xiii) copies of the resolutions adopted by the Authority authorizing the execution and delivery of the Authority Documents and the approval of the Limited Offering Memorandum, certified by an authorized officer of the Authority as having been duly adopted and being in full force and effect;

(xiv) copies of the resolutions adopted by the City authorizing the execution and delivery of the City Documents and the approval of the Limited Offering Memorandum, certified by an authorized officer of the City as having been duly adopted and being in full force and effect;

(xv) copies of the resolutions adopted by the Board of Trustees of the Medical Center authorizing the execution and delivery of the Medical Center Documents and the approval of the Limited Offering Memorandum, certified by an authorized officer of the Medical Center as having been duly adopted and being in full force and effect;

(xvi) an opinion of counsel to Underwriter, dated the Closing Date, of addressed to the Underwriter, in form satisfactory to the Underwriter;

(xvii) a copy of the Blue Sky survey prepared by Underwriter's counsel with respect to the Bonds;

(xviii) copies of letters from the Auditor as described in Section 10 of this Purchase Contract;

(xix) evidence satisfactory to the Underwriter and its counsel that the Refunded Bonds will be redeemed in full promptly following the Closing on the Closing Date;

(xx) an investor letter in substantially the form attached hereto as **Exhibit C**, signed by an authorized officer of the Initial Purchaser;

(xxi) other certificates of the Authority, the City and the Medical Center listed on a closing memorandum to be approved by Bond Counsel, the City's counsel, the Medical Center's counsel and counsel to the Underwriter, including any certificates or representations of the Authority, the City or the Medical Center or other parties required in order for Bond Counsel, the City's counsel and the Medical Center's counsel to deliver the opinions referred to in paragraphs (iii), (v), (vi), (vii) and (viii) above, as well as legal opinions, certificates, proceedings, instruments and other documents as the Bond Counsel, the City's counsel and the Medical Center's counsel may reasonably request to evidence compliance by the Authority, the City and the Medical Center with legal requirements, the truth and accuracy, in all material respects as of the time of Closing, of the respective representations of the Authority, the City and of the Medical Center contained herein and the due performance or satisfaction in all material respects by the Authority, the City and the Medical Center at or prior to such time of all agreements then to be performed and all conditions then to be satisfied by the Authority, the City and the Medical Center; and

(xxii) a transcript of the proceedings, in the usual form, relating to the authorization and issuance of the Bonds.

13. *Termination by Underwriter.* The Underwriter may terminate this Purchase Contract by notification in writing or by facsimile to the Authority if at any time subsequent to the Date Hereof and at or prior to the Closing:

(a) legislation shall be enacted by the State or the United States or introduced in or favorably reported to either the United States House of Representatives or the United States Senate or a decision by a court of the United States or the United States Tax Court shall be rendered or a ruling or regulation (final, temporary or proposed) shall be made by or on behalf of the Treasury Department of the United States, or a release or official statement shall be issued by the President, or the Treasury Department, that makes the revenues or other income of the general character expected to be derived by the Authority under the Trust Agreement, or the interest received on bonds of the general character of the Bonds, subject to federal income taxation, or State income tax which would have the effect of changing, directly or indirectly, the federal income taxation, or State income tax of interest on bonds of the general character of the Bonds in

the hands of the owners thereof, the effect of which, in the reasonable opinion of the Underwriter, would materially adversely affect the market for the Bonds or the sale, at the contemplated offering price or prices (or yield or yields), by the Underwriter of the Bonds; or

(b) (i) the United States shall have become engaged in hostilities that have resulted in a declaration of war or a national emergency or (ii) there shall have occurred any other outbreak of hostilities, local, national or international, or an escalation thereof, the effect of which, in the reasonable opinion of the Underwriter, would materially adversely affect the market for the Bonds or the sale, at the contemplated offering price or prices (or yield or yields), by the Underwriter of the Bonds; or

(c) there shall have occurred a general suspension of trading on the New York Stock Exchange or any other national securities exchange or additional material restrictions not in force as of the Date Hereof with respect to trading in securities generally or to the Bonds, or similar obligations shall have been imposed, the effect of which, in the reasonable opinion of the Underwriter, would materially adversely affect the market for the Bonds or the sale, at the contemplated offering price or prices (or yield or yields), by the Underwriter of the Bonds; or

(d) a general banking moratorium shall have been declared by federal, State or New York state authorities or a major financial crisis or a material disruption in commercial banking shall have occurred; or

(e) the sovereign debt rating of the United States is downgraded by any major credit rating agency or a payment default occurs on United States Treasury obligations, or there shall have occurred a default with respect to the debt obligations of, or the institution of proceedings under any federal bankruptcy laws by or against, any state of the United States or any city located in the United States having a population of more than 500,000, the effect of which, in the reasonable opinion of the Underwriter, would materially adversely affect the market for the Bonds or the sale, at the contemplated offering price or prices (or yield or yields), by the Underwriter of the Bonds; or

(f) a stop order, ruling, regulation, proposed regulation or statement by or on behalf of the Securities and Exchange Commission or any other governmental agency having jurisdiction of the subject matter hereof shall be issued or made to the effect that the issuance, offering, sale or distribution of obligations of the general character of the Bonds is in violation or would be in violation of any provisions of the Securities Act, the Exchange Act, or the Trust Indenture Act of 1939, as amended (the "Trust Indenture Act"); or

(g) any legislation shall be enacted or any action shall be taken by the Securities and Exchange Commission or any other agency of the Federal government having jurisdiction of the subject matter hereof or a court of competent jurisdiction, which has the effect of requiring registration of the Bonds under the Securities Act, or the Trust Agreement, or any other document executed in connection with the transactions contemplated herein, to be qualified under the Trust Indenture Act; or that the issuance, offering, or sale of obligations of the general character of the Bonds, as contemplated hereby or by the Limited Offering Memorandum or otherwise, is or would be in violation of Federal securities law as amended and then in effect; or

(h) any event or condition shall occur which in the reasonable judgment of the Underwriter either (i) makes untrue or incorrect in any material respect any statement or other information contained in the Limited Offering Memorandum or (ii) is not reflected in the Limited Offering Memorandum but should be reflected therein in order to make the statements and information contained therein, in light of the circumstances under which they are made, not misleading in any material respect and, in either such event, the Authority, the City or the Medical Center refuses to permit the Limited Offering Memorandum to be supplemented to correct or supply such statement or information, or the effect of the Limited Offering Memorandum as so corrected or supplemented is, in the reasonable judgment of the Underwriter, to materially adversely affect the market for the Bonds or the sale, at the contemplated offering price or prices (or yield or yields), by the Underwriter of the Bonds;

(i) a material disruption in securities settlement, payment or clearance services affecting the Bonds shall have occurred; or

(j) there shall have occurred since the Date Hereof any material adverse change in the affairs or financial condition of the Medical Center, except for changes that were disclosed in the Limited Offering Memorandum.

If the obligations of the Underwriter to purchase and accept delivery of the Bonds shall be terminated for any reason permitted by this Purchase Contract, this Purchase Contract shall terminate and no party shall be under further obligation hereunder; except that the obligations for the payment of expenses, as provided in Section 14 hereof, shall continue in full force and effect.

14. *Payment of Expenses.* (a) The Medical Center shall pay or reimburse the following costs and expenses incident to the sale and delivery of the Bonds to the Underwriter: (i) the fees and expenses of the Medical Center's counsel; (ii) the fees and expenses of the Authority and its counsel; (iii) the fees and expenses of the City and its counsel; (iv) the fees and expenses of Bond Counsel and Disclosure Counsel; (v) all costs and expenses incurred in connection with the preparation and printing of the Bonds; (vi) the fees and expenses of any advisors or consultants, including the Municipal Advisor; (vii) the fees and expenses of the Auditor and any other auditors and financial consultants to the Medical Center; (viii) the fees and expenses of counsel to the Initial Purchaser, which fees and expenses shall not exceed \$20,000; and (ix) the Underwriting Expenses (as defined below) but only up to \$10,000.

(b) The Underwriter shall pay or reimburse the following costs and expenses incident to the sale and delivery of the Bonds to the Underwriter: (i) all advertising expenses in connection with the limited public offering of the Bonds, all expenses in connection with the preparation, printing, distribution and delivery of the Limited Offering Memorandum and any amendment or supplement thereto, the fees and expenses of the California Debt and Investment Advisory Commission, DTC, the MSRB, California Municipal Statistics, Inc. and the CUSIP Bureau, and the fees and expenses of the Trustee and its counsel (collectively, the "Underwriting Expenses"), to the extent such Underwriting Expenses exceed \$10,000, and (ii) the fees and expenses of Underwriter's counsel.

15. *Establishment of Issue Price.*

(a) The Underwriter agrees to assist the Authority, the City and the Medical Center in establishing the issue price of the Bonds and shall execute and deliver to the Authority, the City and the Medical Center on or before the Closing Date an “issue price” certificate, substantially in the form attached hereto as **Exhibit D**, with such modifications to such certificate as may be deemed appropriate or necessary, in the reasonable judgment of the Underwriter, the Authority, the City and the Medical Center and Bond Counsel, to accurately reflect, as applicable, the sales price or prices or the initial offering price or prices to the public of the Bonds for purpose of Section 148 of the Internal Revenue Code of 1986, as amended (the “Code”).

(b) The Authority, the City and the Medical Center will treat the first price at which 10% of each maturity of the Bonds (the “10% test”) is sold to the public as the issue price of that maturity (if different interest rates apply within a maturity, each separate CUSIP number within that maturity will be considered a separate maturity for purposes of this Section 15).

(c) The Underwriter acknowledges that sales of any Bonds to any person that is a related party to the Underwriter shall not constitute sales to the public for purposes of this section. For purposes of this Section 15:

- (i) “public” means any person other than an underwriter or a related party;
- (ii) “underwriter” means (A) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Bonds to the public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the public); and
- (iii) a purchaser of any of the Bonds is a “related party” to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (i) at least 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other).

16. *Notices.* Any notice or other communication to be given to the Authority under this Purchase Contract may be given by mailing or delivering the same in writing to the Authority at its address set forth above, Attn: Executive Director; any notice or other communication to be given to the City under this Purchase Contract may be given by mailing or delivering the same in writing to the City at its address set forth above, Attn: City Manager; any notice or other communication to

be given to the Medical Center under this Purchase Contract may be given by mailing or delivering the same in writing to the Medical Center at its address set forth above, Attn: Chief Financial Officer; and any notice or other communication to be given to the Underwriter under this Purchase Contract may be given by mailing or delivering the same in writing to KeyBanc Capital Markets Inc., One Embarcadero Center, Suite 1100, San Francisco, California 94111, Attn: Zachary Kau, Managing Director.

17. *Parties.* This Purchase Contract is made solely for the benefit of the Authority, the Underwriter (including the successors or assigns of the Underwriter), the City and the Medical Center and no other person shall acquire or have any right hereunder or by virtue hereof. All of the Authority's, the City's and Medical Center's representations, warranties and agreements in this Purchase Contract shall remain operative and in full force and effect, regardless of any investigation made by or on behalf of the Underwriter and delivery of and payment for the Bonds hereunder.

18. *Underwriter Not a Fiduciary.* Each of the Medical Center, the City and the Authority, acknowledge and agree that the primary role of the Underwriter is to purchase securities for resale to investors in an arm's length commercial transaction among the Authority, the City, the Medical Center and the Underwriter, and the Underwriter has financial and other interests that differ from those of the Authority, the City and Medical Center. The Underwriter is acting as a principal hereunder and not as an agent of or a fiduciary to any party to this Purchase Contract. The Underwriter is not acting and has not acted as a municipal advisor or financial advisor to any party with respect to this Purchase Contract. The Underwriter's engagement in the transactions described herein and in the Financing Documents, and all discussions and undertakings leading up thereto, is solely as an underwriter; such engagement shall not be, or shall not be construed to be, in any other capacity. Each of the Authority, the City and the Medical Center hereby acknowledge and agree that it is solely responsible for making its own judgments in connection with the transactions described herein and in the Financing Documents, regardless of whether the Underwriter has advised or is currently advising the Authority, the City or Medical Center on any other matters, whether or not related to such transactions and each have consulted their own legal, financial and other advisors to the extent they deemed appropriate.

19. *Governing Law.* This Purchase Contract shall be governed by and construed in accordance with the laws of the State and shall constitute an instrument under seal thereunder.

20. *Counterparts.* This Purchase Contract may be executed in any number of counterparts, all of which taken together shall be one and the same instrument, and any parties hereto may execute this agreement by signing any such counterpart.

[Signatures on next page]

Attachment: #48150298v11_BOS - Purchase Contract (ECRMC) (2673 : ECRMC Bond Refinancing)

Very truly yours,

KEYBANC CAPITAL MARKETS INC.,
as Underwriter

By: _____
Zachary Kau
Managing Director

Accepted and Agreed to as of the Date Hereof:

EL CENTRO FINANCING AUTHORITY

By: _____
Executive Director

Accepted and Agreed to as of the Date Hereof:

CITY OF EL CENTRO

By: _____
City Manager

Accepted and Agreed to as of the Date Hereof:

EL CENTRO REGIONAL MEDICAL CENTER

By: _____
Chief Executive Officer

Attachment: #48150298v11_BOS - Purchase Contract (ECRMC) (2673 : ECRMC Bond Refinancing)

SCHEDULE A

\$125,000,000
El Centro Financing Authority
Hospital Revenue Refunding Bonds
(El Centro Regional Medical Center Project)
Series 2018

Item
Number

1. Date of this Purchase Contract: April 4, 2018.
2. Closing Date: April 19, 2018.
3.
 - (a) Aggregate principal amount of the Bonds: \$125,000,000.
 - (b) Date of the Bonds: April 19, 2018.
 - (d) Date of Maturity: July 1, 2058.
 - (e) Years of maturity, principal amounts, interest rates and public offering prices or yields of the Bonds:

\$11,035,000 4.50% Term Bond due July 1, 2029, Price 95.744%

\$53,700,000 5.50% Term Bond due July 1, 2048, Price 92.401%

\$60,265,000 5.75% Term Bond due July 1, 2058, Price 90.971%
 - (f) Redemption Provisions of the Bonds: [Insert from Trust Agreement]
4. Purchase Price of the Bonds: \$113,466,505.55 (par amount of \$125,000,000, less net original issue discount of \$9,991,639.45, less Underwriter's discount of \$1,541,855.00).

EXHIBIT A**Form of Supplemental Opinion of Bond Counsel**

[Closing Date]

El Centro Financing Authority
1275 Main Street
El Centro, California 92243

City of El Centro
1275 Main Street
El Centro, California 92243

El Centro Regional Medical Center
1415 W. Ross Avenue
El Centro, California 92243

KeyBanc Capital Markets Inc.
One Embarcadero Center, Suite 1100
San Francisco, California 94111

MUFG Union Bank. N.A.
120 South San Pedro Street, Suite 400
Los Angeles, California 90012

Re: \$125,000,000 El Centro Financing Authority Hospital Revenue Refunding Bonds
(El Centro Regional Medical Center Project) Series 2018

Ladies and Gentlemen:

This opinion is delivered to you pursuant to section 12(b)(v) of the Purchase Contract, dated April 4, 2018 (the “Purchase Contract”), by and among the El Centro Financing Authority (the “Authority”), the City of El Centro (the “City”), the El Centro Regional Medical Center (the “Medical Center”) and KeyBanc Capital Markets Inc., as underwriter (the “Underwriter”) in connection with the issuance by the Authority of its \$125,000,000 El Centro Financing Authority Hospital Revenue Refunding Bonds (El Centro Regional Medical Center Project), Series 2018 (the “Bonds”). The Bonds are being issued pursuant to Article 4 of Chapter 5 of Division 7 of Title 1 of the California Government Code and a Trust Agreement, dated as of April 1, 2018 (the “Trust Agreement”), by and between the Authority and MUFG Union Bank, N.A., as trustee (the “Trustee”). The Bonds are more fully described in the Limited Offering Memorandum of the Authority, the Medical Center and the City, dated April 4, 2018 (the “Limited Offering

Attachment: #48150298v11_BOS - Purchase Contract (ECRMC) (2673 : ECRMC Bond Refinancing)

Memorandum”). Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Purchase Contract.

As Bond Counsel, we have examined copies certified to us as being true and complete copies of the proceedings in connection with the issuance of the Bonds. We have also examined such certificates of officers of the Authority, the Medical Center, the City and others as we have considered necessary for the purposes of this opinion. This opinion is limited to the laws of the State of California and the federal laws of the United States.

Based upon the foregoing, we are of the opinion that:

1. the Purchase Contract and the Continuing Disclosure Agreement, dated April 19, 2018 (the “Continuing Disclosure Agreement”), by and among the City, the Medical Center and Wulff Hansen & Co., as dissemination agent, have been duly authorized, executed and delivered by the City, the Authority and the Medical Center, as applicable, and, assuming due authorization, execution and delivery by the parties thereto (other than the City, the Authority and the Medical Center), constitute the legal, valid and binding agreements of the City, the Authority and the Medical Center, as applicable, enforceable against the City, the Authority and the Medical Center, as applicable, in accordance with their respective terms;
2. the Bonds are exempt from the registration requirements of the Securities Act of 1933, as amended, and the Trust Agreement is exempt from qualification pursuant to the Trust Indenture Act of 1939, as amended; and
3. the statements contained on the cover of the Limited Offering Memorandum and in the Limited Offering Memorandum under the captions “INTRODUCTION,” “THE SERIES 2018 BONDS,” “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2018 BONDS,” and “TAX MATTERS” and in APPENDIX D – “SUMMARY OF CERTAIN PROVISIONS OF THE TRUST AGREEMENT AND INSTALLMENT PURCHASE AGREEMENT” and APPENDIX G – “FORM OF BOND COUNSEL OPINION,” insofar as such statements purport to summarize certain provisions of the Bonds, the Financing Documents and our approving opinion, are accurate in all material respects.

The opinion expressed in paragraph 1 above is qualified to the extent the enforceability of the Purchase Contract or the Continuing Disclosure Agreement may be limited by applicable bankruptcy, insolvency, debt adjustment, reorganization, moratorium or similar laws or equitable principles relating to or limiting creditors’ rights generally or as to the availability of any particular remedy. The enforceability of the Purchase Contract or the Continuing Disclosure Agreement is subject to the effect of general principles of equity, including, without limitation, concepts of materiality, reasonableness, good faith and fair dealing, to the possible unavailability of specific performance or injunctive relief, regardless of whether considered in a proceeding in equity or at law, and to the limitations on legal remedies against governmental entities in the State of California.

We are furnishing this opinion to you, as Bond Counsel. No attorney-client relationship has existed or exists between our firm and the addresses hereof, other than the Authority, the Medical Center and the City. This opinion is rendered in connection with the transaction described herein, and may not be relied upon by you for any other purpose. This opinion shall not extend to, and may

not be used, circulated, quoted, referred to, or relied upon by, any other person, firm, corporation or other entity without our prior written consent.

Our opinions are based on existing law, which is subject to change. Such opinions are further based on our knowledge of facts as of the date hereof. We assume no duty to update or supplement our opinions to reflect any facts or circumstances that may thereafter come to our attention or to reflect any changes in any law that may thereafter occur or become effective. Our engagement with respect to this matter terminates upon the delivery of this opinion to you at the time of the closing relating to the Bonds, and we have no obligation to update this opinion.

Respectfully submitted,

Attachment: #48150298v11_BOS_ - Purchase Contract (ECRMC) (2673 : ECRMC Bond Refinancing)

EXHIBIT B**Form of Opinion of Disclosure Counsel**

[Closing Date]

El Centro Financing Authority
1275 Main Street
El Centro, California 92243

City of El Centro
1275 Main Street
El Centro, California 92243

El Centro Regional Medical Center
1415 W. Ross Avenue
El Centro, California 92243

KeyBanc Capital Markets Inc.
One Embarcadero Center, Suite 1100
San Francisco, California 94111

Re: \$125,000,000 El Centro Financing Authority Hospital Revenue Refunding Bonds
(El Centro Regional Medical Center Project) Series 2018

Ladies and Gentlemen:

We have acted as Disclosure Counsel to the El Centro Financing Authority (the “Authority”), the City of El Centro (the “City”) and the El Centro Regional Medical Center (the “Medical Center”), in connection with the issuance by the Authority of its \$125,000,000 El Centro Financing Authority Hospital Revenue Refunding Bonds (El Centro Regional Medical Center Project), Series 2018 (the “Bonds”). The Bonds are being issued pursuant to Article 4 of Chapter 5 of Division 7 of Title 1 of the California Government Code (the “Bond Law”) and a Trust Agreement, dated as of April 1, 2018 (the “Indenture”), by and between the Authority and MUFG Union Bank, N.A., as trustee (the “Trustee”). The Bonds are more fully described in the Limited Offering Memorandum of the Authority, the Medical Center and the City, dated April 4, 2018 (the “Limited Offering Memorandum”). Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Limited Offering Memorandum.

In rendering this opinion, we have reviewed such records, documents, certificates and opinions, and made such other investigations of law and fact as we have deemed necessary or appropriate.

This opinion is limited to matters governed by the federal securities law of the United States, and we assume no responsibility with respect to the applicability or effect of the laws of any other jurisdiction.

In our capacity as Disclosure Counsel to the Authority, the Medical Center and the City, we have rendered certain assistance in connection with the preparation of the Limited Offering Memorandum. Rendering such assistance involved, among other things, discussions and inquiries concerning various legal matters, review of certain records, documents and proceedings, and participation in meetings and telephone conferences with, among others, representatives of the Authority, the City and the Medical Center, the City Attorney, Counsel to the Medical Center, Wulff Hansen & Co., as municipal advisor in connection with the issuance of the Bonds, the Underwriter and Underwriter's Counsel, at which meetings and conferences the contents of the Limited Offering Memorandum and related matters were discussed. On the basis of the information made available to us in the course of the foregoing (but without having undertaken to determine or verify independently, or assuming any responsibility for, the accuracy, completeness or fairness of any of the statements contained in the Limited Offering Memorandum), no facts have come to the attention of the personnel in our firm directly involved in rendering legal advice and assistance in connection with the preparation of the Limited Offering Memorandum which cause us to believe that the Limited Offering Memorandum as of its date and of the date hereof (excluding therefrom financial and statistical data; forecasts, projections, estimates, assumptions and expressions of opinions; statements relating to The Depository Trust Company, Cede & Co. and the book-entry system; and statements contained in APPENDIX B – "MEDICAL CENTER AUDITED FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2017," and in APPENDIX F – "BOOK-ENTRY SYSTEM" thereto, as to all of which we express no view) contained or contains any untrue statement of a material fact or omitted or omits to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

During the period from the date of the Limited Offering Memorandum to the date of this opinion, except for our review of the certificates and opinions regarding the Limited Offering Memorandum delivered on the date hereof, we have not undertaken any procedures or taken any actions which were intended or likely to elicit information concerning the accuracy, completeness or fairness of any of the statements contained in the Limited Offering Memorandum.

We are furnishing this opinion to you, solely for your benefit. This opinion is rendered in connection with the transaction described herein, and may not be relied upon by you for any other purpose. This opinion shall not extend to, and may not be used, circulated, quoted, referred to, or relied upon by, any other person, firm, corporation or other entity without our prior written consent. The delivery of this opinion shall not create any attorney-client relationship between our firm and the addressees hereof, other than the Authority, the Medical Center and the City. Our engagement with respect to this matter terminates upon the delivery of this opinion to you at the time of the closing relating to the Bonds, and we have no obligation to update this opinion.

Respectfully submitted,

EXHIBIT C**FORM OF INVESTOR LETTER**

\$125,000,000

El Centro Financing Authority
 Hospital Revenue Refunding Bonds
 (El Centro Regional Medical Center Project)
 Series 2018

El Centro Financing Authority
 1275 Main Street
 El Centro, CA 92243

El Centro Regional Medical Center
 1415 Ross Avenue
 El Centro, CA, 92243

City of El Centro
 1275 Main Street
 El Centro, CA 92243

KeyBanc Capital Markets Inc.
 1 California Street, suite 2400
 San Francisco, CA 94111

Ladies and Gentlemen:

The undersigned, being the purchaser (the “Purchaser”) of all of the \$125,000,000 El Centro Financing Authority Hospital Revenue Refunding Bonds (El Centro Regional Medical Center Project) Series 2018 (the “Series 2018 Bonds”), does hereby certify, represent and warrant for the benefit of KeyBanc Capital Markets Inc., the El Centro Financing Authority, the City of El Centro, California and the El Centro Regional Medical Center as provided in this “Investor Letter.” Capitalized terms used and not defined herein shall have the meanings ascribed to such terms in the Trust Agreement, dated as of April 1, 2018, by and between the Authority and the MUFG Union Bank, N.A., as trustee.

i. the Purchaser has authority to purchase the Series 2018 Bonds and to execute this Investor Letter and any other instruments, certificates and documents the Purchaser is required to execute and deliver in connection with the purchase of the Series 2018 Bonds;

ii. at the time the Purchaser was offered the Series 2018 Bonds, it was, and on the date it purchases the Series 2018 Bonds, it is, a Qualified Institutional Buyer;

iii. the Purchaser is not a broker-dealer registered under the Securities Exchange Act of 1934, as amended, or an entity engaged in the business of being a broker-dealer;

iv. the Purchaser understands that (a) the Series 2018 Bonds are not registered under the Securities Act of 1933, (b) such registration is not legally or contractually required as of the date hereof, and (c) the Authority and its affiliates have no intention to cause the Series 2018 Bonds to be registered under the Securities Act of 1933 in the future.

v. the Purchaser understands that the Series 2018 Bonds (a) are not being registered or otherwise qualified for sale under the “Blue Sky” laws and regulations of any state or other jurisdiction, (b) will not be listed in any stock or other securities exchange, (c) will not carry a rating from any rating service, (d) will be assigned CUSIP numbers, (e) will be issued as fully registered bonds in book-entry form only, registered in the name of Cede & Co. as nominee of The

Attachment: #48150298v11_BOS - Purchase Contract (ECRMC) (2673 : ECRMC Bond Refinancing)

Depository Trust Company, New York, New York, and (f) will be delivered in a form that may not be readily marketable.

vi. the Series 2018 Bonds will be acquired by the Purchaser for investment purposes only for the Purchaser's own account, not as a nominee or agent, and not with a view to the resale or distribution of any part thereof, and (a) the Purchaser has no present intention of selling, granting any participation in, or otherwise distributing the Series 2018 Bonds or any interest therein, (b) the Purchaser does not currently have any contract, undertaking, agreement, or arrangement with any person to sell, transfer, or grant participations to any such person or to any third-party, with respect to any of the Series 2018 Bonds or any interest therein, and (iii) the Purchaser acknowledges that it has the right to sell, transfer and assign the Series 2018 Bonds only in compliance with Section 2.05 of the Trust Agreement and applicable law;

vii. unless and until S&P Global Ratings, Moody's Investors Service, Fitch Ratings or Kroll Bond Rating Agency has assigned the Series 2018 Bonds an investment grade rating (i.e., "BBB" or "Baa") the Purchaser will not transfer or sell any of the Series 2018 Bonds other than to Qualified Institutional Buyers or Accredited Investors;

viii. the Purchaser has such knowledge, sophistication, and experience in business and financial matters so as to be capable of evaluating the merits and risks of its investment in the Series 2018 Bonds and has so evaluated the merits and risks of such investment and is able to afford a complete loss of its investment in the Series 2018 Bonds; and

ix. the Purchaser understands that it may be required to bear the economic risk of its investment in the Series 2018 Bonds indefinitely.

The Purchaser acknowledges that the sale of the Series 2018 Bonds to the Purchaser is made in reliance upon the certifications, representations and warranties herein.

PRESTON HOLLOW CAPITAL, LLC, as
Purchaser

By: _____

Name: _____

Title: _____

EXHIBIT D**FORM OF ISSUE PRICE CERTIFICATE**

\$125,000,000

El Centro Financing Authority
 Hospital Revenue Refunding Bonds
 (El Centro Regional Medical Center Project) Series 2018

April 19, 2018

El Centro Financing Authority
 El Centro, California

Norton Rose Fulbright US LLP
 Los Angeles, California

Ladies and Gentlemen:

We have served as the Underwriter in connection with the issuance by El Centro Financing Authority (the “**Issuer**”) of the above-captioned bonds (the “**Bonds**”).

We hereby certify that:

- (i) April 4, 2018 was the first day on which there was a binding contract in writing for the sale or exchange of the Bonds by the Issuer to us, and on that day (the “**Sale Date**”), we undertook pursuant to such contract to make a bona fide limited public offering of all of the Bonds to members of the public constituting qualified institutional buyers, as defined in Rule 144A promulgated under the Securities Act of 1933, as amended (the “**Securities Act**”) or accredited investors, as defined in Rule 501(a) promulgated under the Securities Act (collectively the “**Public Offerees**”);
- (ii) All of the Bonds of each maturity were offered in a bona fide limited offering to the Public Offerees at the initial offering price shown on the inside cover page of the Limited Offering Memorandum (the “**Limited Offering Memorandum**”) dated April 4, 2018 relating to such offering (the “**Initial Offering Price**” of such maturity);
- (ii) All of the Bonds of each maturity were sold on the Sale Date to Preston Hollow Capital LLC (the “**Purchaser**”) at the Initial Offering Price of that maturity; based upon the principal amount of each maturity, and its Initial Offering Price, the aggregate issue price of the Bonds (the Bonds having been sold without accrued interest) is \$_____;
- (iii) Under the Trust Agreement pursuant to which the Bonds are to be issued, the Issuer is obligated to fund and maintain as a debt service reserve fund the Series 2018 Bond Reserve Account in an amount equal to the Series 2018 Bond Reserve Account Requirement as established in the Trust Agreement. Based upon our experience in the municipal marketplace, we believe that establishing and maintaining the Series 2018 Bond Reserve Account in the amount of the Series 2018 Bond Reserve Account Requirement is customary and ordinary in the industry for municipal issues having the structure and creditworthiness of the Bonds and was necessary to the successful offering of the Bonds at the interest rates and prices obtained; and
- (iv) we provided the yield proof attached hereto as Schedule A to the Issuer and to its Bond Counsel, Norton Rose Fulbright US LLP. For purposes of this Certificate, the yield was calculated, as described to us by Bond Counsel, as the discount rate that, when used in computing the present

Attachment: #48150298v11_BOS - Purchase Contract (ECRMC) (2673 : ECRMC Bond Refinancing)

value as of the date of issuance of the Bonds of the principal and interest payment(s) to be made on the Bonds, produces an amount equal to the issue price of the Bonds. Notwithstanding the foregoing, we remind you that we are not accountants or actuaries, nor are we engaged in the practice of law. Accordingly, while we believe the calculations described above to be correct, we do not warrant them to be so nor do we make any legal representations regarding the sufficiency of the calculations.

For purposes of this Certificate:

- (i) “public” means any person other than an underwriter or a related party;
- (ii) “underwriter” means (A) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Bonds to the public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the public); and
- (iii) a purchaser of any of the Bonds is a “related party” to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (i) at least 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other.

The undersigned understands that the statements made herein will be relied upon by the Issuer in its efforts to comply with the conditions imposed by the Internal Revenue Code of 1986, as amended (the “Code”), and will be relied upon by Bond Counsel in rendering its legal opinion concerning the exclusion pursuant to section 103(a) of the Code of interest on the Bonds from the gross income of the owners thereof for federal income tax purposes. Nothing herein represents our interpretation of any laws or regulations under the Code.

KEYBANC CAPITAL MARKETS INC.

By: _____
Authorized Representative

Attachment: #48150298v11_BOS - Purchase Contract (ECRMC) (2673 : ECRMC Bond Refinancing)

SCHEDULE A
PROOF OF YIELD

(Attached)

BOS 48150298v11

Attachment: #48150298v11_BOS_ - Purchase Contract (ECRMC) (2673 : ECRMC Bond Refinancing)

APPENDIX A-1

**INFORMATION CONCERNING THE
EL CENTRO REGIONAL MEDICAL CENTER**

Attachment: Appendix A - El Centro Regional Medical Center (2) (2673 : ECRMC Bond Refinancing)

62112858.27

Except as otherwise noted, the information contained herein as APPENDIX A to the Limited Offering Memorandum has been obtained from El Centro Regional Medical Center.

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CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

Certain statements included or referred to in this Appendix A-1 constitute forward-looking statements. Such statements are generally identifiable by the terminology used such as “plan,” “expect,” “estimate,” “project,” “budget” or other similar words. The achievement of certain results or other expectations contained in such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. No assurance is given that actual results will meet the forecasts of the El Centro Regional Medical Center (the “Medical Center”) in any way, regardless of the level of optimism communicated in the information. These forward-looking statements include, among others, the information under the caption “MANAGEMENT’S DISCUSSION OF OPERATIONS AND FINANCIAL PERFORMANCE” and “CAPITAL PROJECTS” in this APPENDIX A-1.

EXCEPT AS REQUIRED BY APPLICABLE LAW, THE MEDICAL CENTER WILL NOT ISSUE ANY UPDATES OR REVISIONS TO THOSE FORWARD-LOOKING STATEMENTS IF OR WHEN ANY OF ITS EXPECTATIONS, OR EVENTS, CONDITIONS OR CIRCUMSTANCES ON WHICH SUCH STATEMENTS ARE BASED DO OR DO NOT OCCUR, OTHER THAN AS DESCRIBED UNDER THE CAPTION “CONTINUING DISCLOSURE” HEREIN.

EL CENTRO REGIONAL MEDICAL CENTER

All capitalized terms used and not otherwise defined in this Appendix A shall have the meanings set forth in the forepart of the Limited Offering Memorandum or in APPENDIX C — “Summary of Certain Provisions of the Trust Agreement and Installment Purchase Agreement.”

ORGANIZATION AND BACKGROUND

General

The El Centro Regional Medical Center (the “Medical Center”), a municipal hospital, agency and enterprise operation of the City of El Centro, California (the “City”), is duly organized and existing under and by virtue of the laws of the State of California (the “State”), including Article 7 (commencing with Section 37600) of Chapter 5 of Part 2 of Division 3 of Title 4 of the Government Code California of the State. The Medical Center operates a 161-bed acute care general hospital in the City (the “Hospital”). The City is located in Imperial County (the “County”), 120 miles east of San Diego, 60 miles west of Yuma, Arizona and 12 miles north of the Mexican border.

The City is not obligated for the debts of the Medical Center, including the Series 2018 Bonds, and neither the faith and credit, nor the taxing power of the City, is pledged to the payment of any Medical Center debt.

History of the Medical Center

In 1948, a group of El Centro citizens began a drive to develop a community hospital. A nine-acre parcel of land and funds were donated, and construction of the hospital facilities began. However, due to cost escalation during the Korean conflict, construction could not be completed with the funds available. In 1954, the City’s voters approved a measure providing for the City to take over the construction and operation of the Hospital. Subsequently, the City provided additional funds to complete construction. In 1986, the City transferred operation of the Hospital to a separate Board of Trustees created by ordinance of the City (as allowed by State law) for that purpose.

The Medical Center opened in January 1957, as a single story building containing general care beds, maternity beds and bassinets, plus laboratory, surgery, x-ray, emergency, dietary, medical records, education, conference and administration facilities. In 2001, the El Centro Financing Authority (the “Authority”) issued revenue bonds in aggregate principal amount of \$39,300,000 (the “2001 Revenue Bonds”) to finance additional construction of the Hospital. Over the years, the original facility has been expanded, including in 2003, when the Hospital was expanded through the construction of a two-story building adjacent to the original Hospital facility which houses a 20-bed emergency room, a 12-bed intensive care unit, a 48-bed medical/surgical unit, five surgery suites, two procedures rooms for both inpatients and outpatients and an ambulatory surgery center. Also in 2003, a central utility plant (the “Central Utility Plant”) was constructed to service this two-story building. In 2015, the Authority issued \$50,000,000 aggregate principal amount of El Centro Financing Authority Insured Medical Center Revenue Bonds, Series A and Series B (the “Series 2015 Bonds”), the proceeds of which were used to refinance the 2001 Revenue Bonds and to finance additional construction. In 2016, the Medical Center completed a project to upgrade the Central Utility Plant in preparation for the addition of several new buildings, and initiated plans for a new medical office building (the “Medical Office Building”) that will be located on the Hospital’s campus. Construction on the Medical Office Building began in 2017. As of the date of this Limited Offering Memorandum, the Medical Office Building is expected to open for patients by July, 2018, subject to licensing approvals. The Medical Office Building will house UCSD San Diego Health System physicians who will treat patients in the areas of oncology, general surgery, orthopedic surgery, colorectal

surgery, urology, and pulmonology. The services will be provided under the Medical Center's license as outpatient departments of the Hospital. The Medical Office Building will also house the Medical Center's Outpatient Imaging Department. In addition, the Medical Center intends to lease some of the space in the Medical Office Building to physicians whose practices are in the City, including a pediatrician. Finally, the Medical Office Building will house Hospital administrative offices and space that can be used for community health education programs. See "THE PROJECT" herein.

Relationship with the University of California, San Diego Health System and School of Medicine

In May 2015, the Medical Center, with the approval of the City Council of the City (the "City Council"), entered into a Master Management Agreement (the "2015 MMA") with The Regents of the University of California, on behalf of the UC San Diego Health System and School of Medicine ("UCSD" or "UCSD Health"). Effective January 1, 2016, the Medical Center entered into an Amended and Restated Master Management Agreement with The Regents of the University of California, on behalf of UCSD Health, which amended and restated the 2015 MMA (as so amended and restated, the "MMA"). Since entering into the MMA, the Medical Center has realized substantial benefits from its relationship with UCSD, for example, it has realized over \$500,000 in aggregate savings since 2016 on procurement due to the increased buying power from its association with UCSD under the MMA. Employees and consultants with UCSD have assisted the Medical Center in a host of operational functions, including responding to surveys from licensing agencies, assessing the Medical Center's information technology ("IT") needs, and advising on electronic medical records systems and IT projects, supporting and training administrators in the Medical Staff Support Office, reviewing and advising on facilities management and construction projects, supporting the development of an in-house dietary department, and retaining a consultant to analyze revenue cycle management and implementing new initiatives to improve revenue capture.

Under the terms of the MMA, UCSD Health agreed to oversee the implementation of certain processes and systems at the Medical Center, consistent with the Medical Center's budget and mission, including service line development, provider recruitment, and physician outreach. UCSD Health performs its management functions under the MMA in conjunction with senior management of the Medical Center and subject to the ultimate authority and control of the Medical Center's Board of Trustees. UCSD Health pays the salary and provides employee benefits for the Medical Center's Chief Executive Officer, who, pursuant to the MMA, reports both to UCSD Health and to the Board of Trustees of the Medical Center and works full-time at the Medical Center. UCSD Health has not agreed to be obligated for any debts or other obligations of the Medical Center. The Medical Center's administrative team remains responsible for the day-to-day operations of the Medical Center.

Pursuant to the MMA, UCSD Health provides to the Medical Center the services of a UCSD Health faculty physician who currently serves as Chief Medical Officer of the Medical Center (the "CMO"). The CMO spends fifty percent (50%) of his time at the Medical Center and fifty percent (50%) at UCSD Health. The CMO serves as a liaison between the physicians who have privileges to treat patients at the Medical Center (the "Medical Staff") and the Medical Center's management team. The CMO oversees the Medical Center's Medical Staff with respect to hospital related clinical issues, quality and credentialing. The management of the Medical Center seeks the CMO's input on space planning, capital expenditures, and clinical program planning and investment. See "MEDICAL STAFF" herein for a description of the roles of the CMO and the Chief of the Medical Center's Medical Staff.

In addition to receiving operational support from UCSD Health under the MMA, the Medical Center is collaborating with UCSD Health to enhance the Medical Center's capability to provide comprehensive care to its patients through an array of specialized medical and surgical services. UCSD Health previously provided the services of hospitalists, prior to the Medical Center entering into its contract with IN Compass Health, which currently provides hospitalist services for patients of the Medical Center.

UCSD Health currently provides practitioners specializing in surgery, urology, cardiology, and pulmonology so that local patients requiring care and treatment in these specialty areas can receive appropriate care at the Medical Center. UCSD Health provides telemedicine services to the Medical Center's patients in the areas of tele-stroke, tele-neurology, and tele-mental health. Through UCSD Health's tele-stroke, tele-neurology, and tele-mental health programs, UCSD clinicians use video conference and telephone to consult with and support Medical Center medical staff to treat affected patients at the Medical Center. When circumstances require more specialized equipment or procedures, the Medical Center and UCSD Health can collaborate to provide patients of the Medical Center with direct access to tertiary and quaternary care services at UCSD Health. These services include highly specialized and advanced diagnostic, imaging, surgical, oncologic and cardiac services. The Medical Center and UCSD Health are also collaborating to provide clinical team members at the Medical Center with access to UCSD Health's care protocols and management methodologies to assist the Medical Center and its medical staff in providing quality and cost-effective care. The Medical Center's clinical team also has access to joint research projects and educational opportunities through UCSD Health. For example, the Medical Center has access to UCSD Health's National Cancer Institute designated Moores Cancer Center, which includes research protocols and clinical trials.

In furtherance of their clinical collaboration, UCSD Health and the Medical Center have entered into clinical services contracts. In July 2015, UCSD Health and the Medical Center executed a contract for UCSD Health to supply the physicians who furnish emergency medical services to Medical Center patients in its Emergency Department, as well as a Medical Director for the Medical Center's Emergency Department. UCSD Health continues to supply the physicians for and guide the operation of the Medical Center's Emergency Department. In February 2016, UCSD Health and the Medical Center executed a contract for UCSD Health to provide telemedicine services. In July 2016, UCSD Health and the Medical Center executed a contract for UCSD to provide surgery services at the Hospital and a Medical Director to oversee surgery services. In November 2017, UCSD Health and the Medical Center executed a contract for UCSD to provide surgeons to see patients in the Medical Center's Rural Health Clinics (as defined herein) for follow-up surgery visits. In January 2018, UCSD Health and the Medical Center executed a contract for UCSD Health to provide pulmonology services at the Medical Center.

In connection with the MMA, UCSD Health and the Medical Center have entered into a Non-Exclusive Trademark License Agreement (the "License Agreement") that allows the Medical Center, consistent with the terms of the License Agreement, to reference its clinical affiliation with the UC San Diego Health Care Network, which is the collection of hospitals and physicians that are affiliated with UCSD Health, on signs, business cards and other printed materials.

The MMA provides that UCSD Health and the Medical Center will consider and evaluate a long-term operating lease pursuant to which UCSD Health would lease and operate some or all of the Medical Center's facilities. The MMA does not obligate UCSD Health or the Medical Center to enter into a long-term operating lease, and if UCSD Health and the Medical Center do not do so, the MMA remains in place for an initial term of five years (through December 31, 2020), with potential successive renewal terms of five years, unless terminated by either party before the expiration of the initial term or a subsequent renewal term as provided in the MMA.

The Medical Center believes that the MMA and the clinical relationships with UCSD Health has and will continue to enhance the ability of the Medical Center to recruit and retain qualified physicians and meet the health needs of residents in the Medical Center's service area. The Medical Center believes that its relationship with UCSD Health provides the Medical Center with the ability to expand its clinical service offerings and provide patients in the City and surrounding areas with access to qualified specialists. The Medical Center believes that enhanced local access to care will increase the ability of the Medical Center to retain and treat patients in the City and surrounding areas at a lower overall cost compared to prior years

and compared to competitive medical services providers, consistent with the industry shift to more value-based models of care. As a result of the relationship with UCSD Health, the Medical Center believes that it has experienced improved patient care coordination and physician communication between institutions, which has led to improved patient outcomes.

The Medical Center also expects that the relationship with UCSD Health under the MMA and the other contracts referred to above will result in cost savings for the Medical Center as a result of the implementation of improved processes and enhanced purchasing power at the Medical Center. In consultation with UCSD Health, the Medical Center has implemented more efficient processes in the Medical Staff Support Office, and is exploring strategies to improve purchasing, vendor contracting, information technology and related systems, and supply chain management. UCSD Health has also provided revenue cycle management expertise and guidance to the Medical Center to assist it in improving its billing and collections processes.

In July 2017, the Medical Center contracted with UCSD Health to participate in the UCSD Health ACO. UCSD Health was selected by the Centers for Medicare and Medicaid Services (“CMS”) as an Accountable Care Organization (“ACO”). With its ACO, UCSD Health serves Medicare beneficiaries through a coordinated care model that includes community hospitals, primary care providers, and specialists. The UCSD Health Accountable Care Network is a Medicare Shared Savings Program ACO that serves more than 30,000 beneficiaries in Imperial, San Diego and Riverside Counties. The growth of the UCSD Health ACO and the Medical Center’s participation in it is expected to enhance the quality of the care that the Medical Center is able to deliver to County residents.

GOVERNANCE

Medical Center Governance

The Medical Center is governed by a Board of Trustees (the “Board of Trustees”) currently consisting of seven members. The Chief of the Medical Staff of the Medical Center also serves as a non-voting member of the Board of Trustees. Pursuant to Section 13-34(a) of the El Centro Municipal Code (the “City Code”), the members of the Board of Trustees consists of two City Council members (the “City Council Trustees”), three community members (the “Community Member Trustees”), the CMO and an individual nominated by UCSD Health (the “Manager Trustee”). The CMO and the Manager Trustee are referred to herein as the “Specified Trustees.” According to Section 13-34 of the City Code, the Mayor appoints the City Council Trustees and Community Member Trustees. The Mayor must appoint the CMO as a Trustee and the Mayor must appoint the proposed Manager Trustee if the proposed Manager Trustee meets certain criteria. Community Member Trustees serve for staggered three-year terms. City Council Trustees serve for the duration of their terms as City Council members. Pursuant to Section 13-35 of the City Code and the Bylaws of the Medical Center, the term of the members of the Board of Trustees (other than the Specified Trustees) is limited to four complete consecutive three-year terms, though a Trustee may serve for more than 12 years if such Trustee was appointed to complete the term of a departing Trustee. The Specified Trustees are not subject to the four consecutive term limit.

The CMO is a UCSD Health employee and pursuant to the MMA, the Medical Center pays UCSD Health to obtain Chief Medical Officer services. The CMO reports both to UCSD Health and the Chief Executive Officer of the Medical Center. See “MEDICAL STAFF.”

<u>BOARD MEMBER</u>	<u>OCCUPATION</u>	<u>TERM EXPIRES</u>
Joe Picazo, Jr. (President)	Deputy Chief Executive Officer, Budget-Fiscal Division of the County of Imperial	June 2018
Cheryl Viegas-Walker (Vice President)	City Council (Mayor)	January 2019
Amanda Brooke (Secretary)	Deputy Superintendent	June 2018
Oliver Alvarado	Consultant	June 2020
Efrain Silva	Dean for Imperial Valley College; City Council	January 2019
Patricia Maysent	Chief Executive Officer of UCSD Health	(1)
Christian Tomaszewski, M.D.	Chief Medical Officer of the Medical Center	(2)
Elias Moukarzel, M.D.	Chief of Staff/Honorary Member	December 2018

(1) Pursuant to the Medical Center Bylaws (Section 3.02(a)(3)) and the El Centro Municipal Code (Section 13-34(a)), so long as the management relationship with UCSD Health is in place, UCSD Health is entitled to nominate a UCSD Health representative to the Board of Trustees, which nominee shall be appointed by the Mayor.

(2) Co-terminus with position as CMO of the Medical Center.

Set forth below are brief professional biographies of the members of the Board of Trustees. A brief professional biography for Christian Tomaszewski, M.D. can be found under “EXECUTIVE MANAGEMENT” below.

Joe Picazo, Jr., Board President, is currently the Deputy Chief Executive Officer, Budget-Fiscal Division for the Imperial County Executive Office. Working with approximately 28 County departments, Mr. Picazo is familiar with the programs, projects and services provided by those County departments to the public and community. Mr. Picazo and his staff at the Imperial County Executive Office review programs and projects that may come before the County’s Board of Supervisors during the fiscal year, providing analysis of potential impacts on County services and making recommendations on County involvement, funding availability and/or necessary policy creation or change. Mr. Picazo currently serves as the Chair of the Medical Center’s Board Finance Committee. He has completed the Public Service Ethics Education (AB1234) through the Institute for Local Government and the City’s Corporate Compliance Session. Mr. Picazo holds an Associate of Arts in Business from Imperial Valley College and a Bachelor of Science in Business Management from the University of Phoenix.

Cheryl Viegas-Walker, Board Vice President, has served on the Board of Trustees in various capacities since 2002. Currently serving her fifth term as Mayor of El Centro, Ms. Viegas-Walker was first elected to the City Council of the City in 1997. Ms. Viegas-Walker serves on the statewide League of California Cities (“LOCC”) Board of Directors and is the second Vice President of the LOCC’s Women’s Caucus. She represents the City on the Imperial County Transportation Commission (the “ICTC”) and is the ICTC representative to the California Association of Councils of Government. Ms. Viegas-Walker previously served as president of the Southern California Association of Governments (“SCAG”), the largest metropolitan planning organization in the United States of America, and is currently a member of the SCAG Executive, Transportation, and Audit Committees, as well as representing Imperial County on the SCAG Regional Council. Ms. Viegas-Walker is also a member of the Juvenile Justice Commission, a state mandated citizens’ commission which operates under the auspices of the Imperial County Probation Department. She also serves on the San Diego State University (Imperial Valley Campus) Dean’s Advisory Board and is active with the Imperial Valley Food Bank. She is a graduate of the University of Washington.

Amanda Brooke, Board Secretary, is the Deputy Superintendent with the Imperial County Office of Education. She has worked in education for over 20 years. She holds a BA in Liberal Studies from San Diego State University and a Master’s Degree in Education with Special Emphasis in Classroom Guidance from the University of La Verne. Ms. Brooke’s post graduate work includes Pupil and Personnel Services Credential in School Counseling and an Administrative Credential in School Leadership.

Oliver Alvarado, Board Member, is a retiree from the City, where he served as Planning Director for over 32 years. As Planning Director, his responsibilities included the administration of the City's adopted growth and development policies including the General Plan and Zoning Ordinances and assuring compliance with all applicable federal and state environmental regulations and requirements. As a member of the City Manager's Executive Management team, Mr. Alvarado was also involved in providing recommendations on administrative issues related to the City Budget, Personnel, Economic Development and Public Works projects. Mr. Alvarado is currently in private practice as a planning consultant. Mr. Alvarado holds a Master's Degree in Urban Development from United States International University and a Bachelor of Arts in Social Science from San Diego State University.

Patricia Maysent, Board Member, is the Chief Executive Officer of UCSD Health, and was appointed to the Board of Trustees by the City Council in January 2016. Ms. Maysent has more than 25 years of executive experience in hospital and health services. She joined UCSD Health in 2012 and served as chief of staff and chief strategy officer. While serving as chief strategy officer and as interim chief executive officer, Ms. Maysent developed strategic partnerships with Sharp HealthCare, Scripps Health, Tri-City Healthcare, the Medical Center and Eisenhower Medical Center. She also expanded both the UCSD Health Care and Physician Networks. Prior to UCSD Health, Ms. Maysent served in several executive healthcare roles, including Chief Executive Officer of St. Jude Medical Center, Fullerton. Ms. Maysent holds a Bachelor of Arts in Human Biology from Stanford University and Master's Degree in Business Administration and in Public Health from the University of California, Los Angeles.

Efrain Silva, Board Member, is the Dean of Economic and Workforce Development for Imperial Valley College. He has served in different administrative and managerial positions with the City, the County, non-profits, and school districts for over 20 years. Mr. Silva was first elected to the City Council in 2007 and has previously served as Mayor of the City. He has also served on numerous boards and task forces. In 2002, Mr. Silva was recognized by the California Workforce Development Board with the "Architect of Change" award. Mr. Silva holds an Associate's degree from Imperial Valley College, a Bachelor of Arts in Public Administration from San Diego State University – Imperial Valley Campus, and a Master's Degree in Business Administration from Northern Arizona University.

Standing Committees and Standing Sub-Committees

The Medical Center's Bylaws provide for the following standing committees and standing sub-committees of the Board of Trustees:

- Governance Effectiveness and Bylaws Committee
- Finance Committee
- Board Quality and Experience Committee
- Strategic Planning and Public Relations Committee
- Ethics and Compliance Committee, a standing sub-committee of the Governance Effectiveness and Bylaws Committee
- Pension Plan Committee, a standing sub-committee of the Finance Committee
- Expedited Credentialing Committee, a standing sub-committee of the Board Quality and Experience Committee

Relationship with the City of El Centro

The City Council members serving on the Board of Trustees operate as liaisons to the City Council regarding Medical Center affairs. Pursuant to City Code Sections 13-61 and 13-62, the City Council is presented with the Medical Center's annual budget, annual audit, long-range financial plan and strategic plan for information and review but not approval. Pursuant to City Code Section 13-64, the Medical Center

is required to reimburse the City for any services provided to the Medical Center by the City and any expenditures made or incurred by the City for the benefit of the Medical Center. The Medical Center is required to be maintained from the revenues generated only by Medical Center activity. The incurrence of debt by the Medical Center is approved by the Board of Trustees, subject to the approval or consent of the City Council.

City Council Members

<u>Name</u>	<u>Term Ends (November)</u>
Cheryl Viegas-Walker, Mayor	2018
Edgard Garcia, Mayor Pro-Tem	2020
Alex Cardenas, Council Member	2018
Jason Jackson, Council Member	2020
Efrain Silva, Council Member	2020

EXECUTIVE MANAGEMENT

Set forth below are brief professional biographies of the Medical Center's senior management team.

Adolphe Edward, Dr.HA, Chief Executive Officer, has more than 28 years of experience in health care strategy and operations for public and private systems worldwide. Prior to becoming Chief Executive Officer of the Medical Center in 2016, Dr. Edward was the Chief Executive Office of Kindred HealthCare, a Fortune 100 company, where he helped grow market share for inpatient services. Dr. Edward has also held senior leadership roles at hospitals across the United States and abroad, focusing on attracting new patients and growing specialty services. These positions include Chief of Medical Operations for Honeywell, where he oversaw medical operations at multiple locations in Turkey, Oman and the United Arab Emirates ("UAE"). Dr. Edward also previously had the dual role as chief operating officer and chief quality officer for Dell's health sciences division/SEHA in Abu Dhabi, where he was responsible for nine hospitals and over 60 clinics in the UAE health system. Prior to entering the private sector, Dr. Edward retired as a Colonel in the United States Air Force (the "U.S. Air Force"), and held many executive leadership positions in health care for the U.S. Air Force for over 22 years. He holds a doctorate in healthcare administration and leadership from the Medical University of South Carolina, a Master's Degree in Strategy and International Relations from Air University (U.S. Air Force), a Master's Degree in Science in Healthcare Administration from Trinity University, a Master's Degree in Business Administration from Florida Metropolitan University, and a Bachelor of Science in Biological Studies from Wichita State University. Dr. Edward is a Fellow of the American College of Healthcare Executives, a Diplomate of the American Academy of Medical Administrators and a Certified Healthcare Insurance Executive. Dr. Edward is employed by UCSD Health to serve as the Medical Center's Chief Executive Officer full-time, and reports both to UCSD Health and the Board of Trustees.

Christian Tomaszewski, M.D., Chief Medical Officer, was appointed to the Board of Trustees by the City Council in 2016 and he was selected to serve as Chief Medical Officer of the Medical Center in January 2016. Dr. Tomaszewski is a University of California San Diego Health Professor of Clinical Emergency Medicine and is a fellow of both the American College of Emergency Physicians and the American College of Medical Toxicology. He has served in multiple leadership positions in the past for the University of Pittsburgh Medical Center and Carolinas Medical Center, as well as the American College of Emergency Physicians. Prior to being appointed to serve as CMO for the Medical Center, Dr. Tomaszewski was medical director of both the emergency and urgent care departments for UCSD Health. Dr. Tomaszewski received his Bachelor of Science in Bangor, Wales, United Kingdom. He completed a

Master's Degree in Marine Sciences at the University of Delaware. Subsequently, he received a medical degree from Pennsylvania State University. He completed an emergency medicine residency at East Carolina University, followed by a fellowship in clinical toxicology at the University of Colorado. He currently serves as an Associate Medical Director for the California Poison Control Center. He is on the national clinical policies committee for the American College of Emergency Physicians. Dr. Tomaszewski has a Master of Business Administration from the Rady School of Management at the University of California, San Diego and has had several research grants on mitigating risk and improving patient flow. The Medical Center has a contract with UCSD Health pursuant to which Dr. Tomaszewski is employed by UCSD Health and devotes one-half of his time to the role of Chief Medical Officer for the Medical Center, in addition to serving as a member of the faculty and as a treating physician at UCSD Health.

William J. Van Noy, MBA, Chief Financial Officer, is a 27-year retired U.S. Air Force veteran serving three overseas tours in support of combat operations. He holds a Bachelor of Science and a Master's Degree in Business Administration with an emphasis in Accounting. He is currently a doctoral candidate with the University of Phoenix for Business Administration. Mr. Van Noy has served as Chief Financial Officer for several critical access hospitals and most recently as an independent healthcare chief financial officer consultant with rural hospitals, a behavioral hospital and an accountable care organization. In addition to healthcare, his financial expertise includes manufacturing, government, non-profit and for-profit organizations.

Louise Kenney, RN, BSN, MSM, Chief Clinical Officer and Chief Nursing Officer, has served in several leadership roles at the Medical Center, including administrator for the free standing surgery center and director of professional development for providers. Ms. Kenney has worked as a healthcare consultant for Alvarez & Marsal and, in that capacity, she implemented operational transformation, improved clinical workflow and process changes for numerous hospitals and health systems. She has also provided support in relation to mergers and acquisitions, healthcare supply chain management and regulatory compliance. Her experience spans various practice areas including acute care, sub-acute care, ambulatory services, and clinic practices.

Suzanne Martinez, RN, Assistant Chief Nursing Officer, Outpatient Services, was promoted to Assistant Chief Nursing Officer in January 2018. Prior to her promotion, Ms. Martinez was the Senior Director of Quality and Risk Management for over five years, and as Assistant Chief Nursing Officer Ms. Martinez continues to oversee the Quality and Risk Management department. She has 32 years of experience in the healthcare field, including 12 years as an emergency nurse and 10 years as the Director of Adult Inpatient Services, which included medical surgery, the intensive care unit and dialysis. Ms. Martinez has been working for the Medical Center for 26 years. She received her Registered Nurse Diploma at Grace General Hospital in Winnipeg, Canada and completed her Bachelor of Nursing Degree at Grand Canyon University.

Nicole Amidon, RN, BSN, Assistant Director of Quality and Risk Management, joined the Medical Center in 2007 as an Emergency Department Aide. She was enrolled in the Medical Center's 20-40 Program, obtained her degree as a Registered Nurse in 2008 and, thereafter, began working full time as an emergency room nurse. In 2010, Ms. Amidon obtained a Bachelor of Science in Nursing and became a nurse manager. In addition to working at the Medical Center, Ms. Amidon's nursing experience includes working as an emergency pediatric nurse at Rady Children's Hospital San Diego and as a home health nurse with Gentiva (now known as Kindred at Home). In 2015, Ms. Amidon assumed her current role as Assistant Director of Quality and Risk Management.

Cathy Kennerson, Chief Strategy Officer, joined the Medical Center in 2011 as the Director of Development. In 2014, she became Chief Strategy Officer. In this role, she oversees the marketing department, volunteer services department, the ECRMC Foundation, and strategic planning. Prior to

joining the Medical Center's leadership team, Ms. Kennerson served the business community as the Chief Executive Officer of the local chamber of commerce. She began her healthcare career as a Certified Health Education Specialist, and she served as an administrator for a cholesterol treatment center in San Diego. Ms. Kennerson has worked in the healthcare industry for over 20 years.

Jerry Gardner, DHA, Chief Ambulatory Services Officer, joined the Medical Center in December 2016. Mr. Gardner is responsible for all of the ambulatory departments, including radiology, pharmacy, physical therapy, facilities, environmental services, and dietary services. In addition, since joining the Medical Center in 2016, Mr. Gardner has been in charge of overseeing the construction of the Medical Office Building and monitoring the project's progress. Mr. Gardner spent 20 years serving in the United States Navy and retired as a Lieutenant Commander. He received his Masters of Science in Management at the Naval Postgraduate School in 1994, specializing in Manpower, Personnel, and Training Analysis. He completed his Doctorate in Health Services Administration from University of Phoenix in 2016.

FACILITIES

The Medical Center's main patient care facility, the Hospital, is located in the City, on approximately nine acres of land. Its original facility consisted of a one-story hospital, approximately 107,256 square feet in size. A two-story bed tower, built in 2003, is located adjacent to the original Hospital facility. The bed tower houses a 20-bed emergency room, a 12-bed intensive care unit, a 48-bed medical/surgical unit, five surgery suites, two procedures rooms for both inpatients and outpatients and an ambulatory surgery center.

In addition, the Medical Center operates two ambulatory rural health clinics – one at a separate site in the City, licensed in 1995, and one in the City of Calexico ("Calexico"), licensed in 1996 (together, the "Rural Health Clinics"). In addition to the Rural Health Clinics, the Medical Center also operates two additional clinics located in the City in close proximity to the Medical Center's main campus: the El Centro Regional Medical Center Wound Healing Center and the Imperial Valley Oncology and Hematology Center.

The Medical Center provides a comprehensive range of primary care services, described more fully in "HEALTHCARE SERVICES" below.

ACCREDITATIONS, LICENSES, AND AFFILIATIONS

The Medical Center is licensed by the Department of Health Services, State of California, and is fully accredited by the Joint Commission on Accreditation of Healthcare Organizations ("JCAHO"). The Medical Center received its most recent JCAHO accreditation in 2017. The next tri-annual survey for the Medical Center is in 2020. In addition, the Medical Center is a member of the San Diego and Imperial County Hospital Council and the California Healthcare Association.

The Medical Center is also a member of the Imperial Valley Community Health Organization ("IVCHO"), which previously received a grant from the Irvine Foundation to assist in a county-wide health needs assessment and disease pattern study. The IVCHO has many healthcare provider members including physicians, the Imperial County Health Department and several clinics. This organization continues to seek grants to educate and enroll community members into health programs.

As previously described, the Medical Center has an affiliation with UCSD under the MMA and certain of the Medical Center's executive officers are also employees of UCSD.

Certain executives and employees of the Medical Center teach at Imperial Valley College (the “College”), which offers a nursing program. The Medical Center provides nurses in the College’s nursing program with on-site training. The Medical Center also has an agreement to provide internship training for radiology technicians attending PIMA Medical Institute and Loma Linda University.

THE PROJECT

Project Components

To modernize its facilities and ensure full preparedness for upcoming State seismic safety standards, the Medical Center plans to move its pharmacy, central sterile processing laboratory, materials management department, dietary services department, morgue facility, and medical records department into a new ancillary services building (the “Ancillary Services Building”). This will allow the Medical Center to remove these key services from facilities which may not be in compliance with State seismic safety standards in the future. In addition, the Medical Center will adjust its footprint in the portion of its facility that houses emergency department patient beds, but does not currently meet the upcoming seismic safety standards. Rather than build a new building to house its patients, the Medical Center plans to expand its existing compliant emergency department facility and cease use of the non-compliant portion that does not currently meet the upcoming seismic safety standards. In addition, the Medical Center will upgrade its boiler room and medical air and vacuum capabilities to allow all of the heating, ventilation, and air conditioning functions to be housed in one central location, which will permit the medical air and vacuum systems to support the expanded Emergency Department and the rest of the buildings on the Medical Center campus. Finally, the Medical Center will upgrade existing buildings with the goal of causing such buildings to be classified as Structural Performance Category (“SPC”)-4D under a State law referred to as Senate Bill (“SB”) 1953. See “SEISMIC EVALUATION OF HOSPITALS” below. An SPC-4D classification will allow the Medical Center to avoid new construction and instead make structural modifications to its existing buildings. Each of these four projects are referred to collectively as the “Project” and are described in more detail below:

(1) The Ancillary Services Building. The Ancillary Services Building will be a 29,000 square foot facility that will house the Medical Center’s administrative offices, pharmacy, central sterile processing laboratory, materials management department, dietary services department, morgue facility, and medical records department. The construction of the Ancillary Services Building is expected to be the only new construction portion of the Project that will be required to achieve seismic compliance under SB 306 by 2020. The plans for the construction of the Ancillary Services Building were approved by the California Office of Statewide Health Planning and Development (“OSHPD”) in 2014. As part of the Ancillary Services Building construction, it will be necessary for the Medical Center to build temporary laboratory space in order to prevent disruption in patient care while the new central sterile processing laboratory in the Ancillary Services Building is built. The Medical Center currently anticipates that approximately \$23,700,000 of the proceeds of the Series 2018 Bonds will be used for the construction of the Ancillary Services Building, and that approximately \$3,000,000 of the proceeds will be used for the temporary laboratory space.

(2) The Emergency Department Expansion. The expansion includes building new drop-off areas at the public entrance to the Emergency Department to increase efficiency for patients arriving at the Hospital and accessing providers. Inside of the Emergency Department, 12 new exam bays with triage areas and large waiting rooms will be built to address current congestion in the Emergency Department. Part of the existing Emergency Department will be re-configured in order to improve patient flow and throughput. The Medical Center currently anticipates that approximately \$6,600,000 of the proceeds of the Series 2018 Bonds will be used for the expansion of the Emergency Department.

(3) Boiler Room and Medical Air and Vacuum Upgrades. These upgrades will allow consolidation of all heating, ventilation, and air conditioning functions into one central location, including replacing old boilers in other buildings on the Medical Center campus. These upgrades are designed to enhance the medical air and vacuum capabilities of the Hospital to support the expanded Emergency Department and the rest of the buildings on the Medical Center campus. The Medical Center currently anticipates that approximately \$8,125,000 of the proceeds of the Series 2018 Bonds will be used for the boiler room and medical air and vacuum upgrades.

(4) Existing Building Upgrades. The Medical Center is looking toward future State statutory seismic performance requirements such as SPC-4D, which allows hospitals to upgrade existing buildings in order to meet the 2030 seismic compliance deadline. By meeting the requirements of SPC-4D, the Medical Center can avoid new construction and instead make structural modifications on new buildings to comply with State seismic safety standards. These upgrades will include replacing existing roof diaphragms and constructing new roof and new mechanical systems in the following Medical Center buildings: North Wing, West Addition, Central Wing, and Labor and Delivery building. The existing building upgrades are also designed to result in restoring 12 women health services postpartum beds and upgrading four neonatal intensive care unit (“NICU”) beds. The Medical Center currently anticipates that approximately \$2,500,000 of the proceeds of the Series 2018 Bonds will be used for existing building upgrades.

Project Procurement

An Invitation to Bid for the Ancillary Services Building (“ITB”) was disseminated to potential contractors on January 26, 2018. Responses were due to the Medical Center on March 16, 2018 and the Ancillary Services Building construction project (“ASB Construction Contract”) was awarded to Nielsen Construction Ca. Inc. (the “ASB Contractor”) on March 28, 2018. The ASB Contractor is also the contractor for the Medical Office Building construction project. OSHPD has approved the Ancillary Services building construction project. The building permit was issued on December 24, 2014. The Medical Center is working with the City on issuing the grading permit. Pending receipt of the grading permit, the construction of the Ancillary Services Building is expected to begin in May 2018, with an estimated completion date in December 2018, however, no assurances can be provided regarding the construction schedule. Construction of the Project may be delayed or complicated for various reasons, some of which may be beyond the Medical Center’s control.

The ASB Construction Contract include numerous terms designed to protect the Medical Center. Under the ASB Contract, the ASB Contractor is required to secure a performance bond and such contractor must remedy, or remove and replace, defective work at its own expense. The performance and payment bonds are expected to be for 100% of the contract purchase price. The performance and payment bonds must be executed by a California admitted surety.

The ASB Construction Contract terms include provisions that require the ASB Contractor to bear the financial burden of any delays or poor performance by the ASB Contractor. In particular, the ASB Construction Contract includes provisions which will indicate that if the ASB Contractor is in default in completing the work, then the contractor must pay liquidated damages for each day they are in default at a daily rate that is equal to the daily debt service the Medical Center is required to pay with respect to the Series 2018 Bonds. The ASB Construction Contract provides that, if the work is not completed within the time specified in the ASB Construction Contract, then the Board of Trustees has the right to extend the time for completion if doing so is in the best interests of the Medical Center. If the time for completion in the ASB Construction Contract is extended, then the Medical Center has the right to charge the ASB Contractor for the actual costs incurred during the extension.

Under the terms of the ASB Construction Contract, the ASB Contractor is required to indemnify the Medical Center against all third party claims related to the ASB Construction Contract not caused by the Medical Center's active negligence. The ASB Contractor is required to obtain indemnity agreements with identical provisions from its subcontractors. The ASB Contractor is required under the terms of the ASB Construction Contract to maintain the following types of insurance: (1) commercial general liability insurance; (2) worker's compensation insurance; (3) business auto coverage insurance; and (4) excess or umbrella liability insurance.

The Emergency Department Expansion, the Boiler Room and Medical Air and Vacuum Gas Upgrades, and the Existing Building Upgrades will be put out for bid upon approval by OSHPD, which is expected to be received within several months following the date of this Limited Offering Memorandum; however, no assurances can be provided regarding whether or when OSHPD will provide its approval.

Project Management and Oversight

The construction of the Project is expected to be managed by a team at the Medical Center led by Dr. Jerry Gardner. Dr. Gardner has extensive construction project management experience, and has overseen the construction of the Medical Office Building and monitored the contractor's progress during the course of that project's construction to date. In his project management role with the Medical Center, Dr. Gardner serves as the liaison between the Medical Center and the contractor and architect, and coordinates with relevant staff at the Medical Center to ensure effective communication regarding and support of the on-going construction. As of the date of this Limited Offering Memorandum, the construction of the Medical Office Building has proceeded without significant delays. Dr. Gardner and his team are expected to handle all aspects of construction project management in relation to the Project.

CONSTRUCTION IN PROGRESS

The Medical Center began construction on the Medical Office Building in 2017, and expects that the Medical Office Building will be open to patients in July 2018, subject to licensing approvals. However, no assurances can be provided regarding the construction schedule. The construction of the Medical Office Building has proceeded on budget to date, with currently estimated costs close to the amount identified in the construction contract of \$13,993,000. However, no assurances can be provided regarding the timing or total cost of the construction of the Medical Office Building. The construction of the Medical Office Building is currently being funded with proceeds of the Series 2015 Bonds, which are being refinanced with the proceeds of the Series 2018 Bonds. See "LONG-TERM INDEBTEDNESS – Series 2015 Bonds" herein.

HEALTHCARE SERVICES

Licensed Beds

The table below shows the licensed bed capacity of the Medical Center as of February 28, 2018.

El Centro Regional Medical Center Licensed Beds	
	Licensed and Staffed
Medical/Surgical	110

Intensive Care Unit	20
Obstetrics	19
Pediatrics	12
Total	161

Source: Medical Center Records; State of California Department Health Services, Licensing.

Services

The Medical Center provides an array of primary acute care services to the citizens of the County and surrounding areas. The Medical Center provides the only College of American Pathology laboratory and blood bank, and is the only American College of Radiology certified nuclear medicine provider in the County. In addition, the Medical Center is the Imperial County Emergency Base Station.

Listed below are the services offered by the Medical Center:

- Emergency Services
- Women's Service
- Cardiopulmonary
- Intensive Care
- Medical/Surgical
- Pediatrics
- Surgery, including Robotic Surgery
- Inpatient rehabilitation services
- Laboratory-Accredited by the College of American Pathologists
- Imaging Services:
 - Computerized Tomography (CT)
 - Diagnostic x-ray
 - Mammography
 - Nuclear Medicine
 - PET/CT scan
 - Stereotactic breast biopsies
 - Ultrasound
 - 1.5 Tesla Magnetic Resonance Imaging

MEDICAL STAFF

Active Medical Staff

The medical staff at the Medical Center comprises active, provisional, courtesy and honorary staff members. Only active and provisional staff members have unlimited admitting privileges. Courtesy staff members may only admit 12 or fewer patients annually. Honorary staff do not have admitting privileges. As of January 1, 2018, there were a total of 252 active and provisional staff members, approximately 83% of whom are Board Certified.

The CMO serves in an entirely administrative role. The CMO collaborates with the Medical Center's Senior Director of Quality and Risk Management, and with the Medical Center's Chief Clinical Officer/Chief Nursing Officer, to implement processes and develop initiatives to improve patient safety and the quality of care. The Medical Staff is overseen by the CMO in relation to clinical issues and credentialing. The Medical Staff are the physicians who have privileges to treat patients at the Medical Center. The CMO coordinates the hospitalist program and guides the Emergency Department physicians in through-put, admissions, and other processes to drive efficiency and enhance patient experience. By contrast, the Chief of the Medical Staff has only a limited administrative role. The Chief of the Medical Staff is a full-time practicing physician in the City who is elected by the members of the Medical Staff to serve as Chair of the Medical Staff. The term of the Chair and other officers is two years. The officers of the Medical Staff and the Department Heads form the Medical Staff Executive Committee. The Medical Staff Executive Committee is charged with updating the Medical Staff Bylaws and Medical Staff Rules and Regulations, reviewing and providing input on Medical Center policies that affect clinical care, and credentialing physicians. The Chief of the Medical Staff, with the CMO, serves as a liaison between the

physicians who treat patients at the Medical Center, and the members of the management team for the Medical Center.

Top Ten Admitting Physicians

During Fiscal Year 2017, the top 10 admitting physicians at the Medical Center, identified by specialty below, accounted for approximately 55.4% of total admissions at the Medical Center and, as of June 30, 2017, had an average age of 52 years.

El Centro Regional Medical Center Top Ten Admitting Physicians

Specialty	% of Admissions	Age
Internal Medicine	9.2%	40
Internal Medicine	6.5	40
Internal Medicine	6.4	38
Obstetrics/Gynecology	6.3	68
Internal Medicine	6.1	43
Pediatrics	4.7	52
Internal Medicine	4.5	54
Pediatrics	4.1	72
Obstetrics	3.9	59
Obstetrics/Gynecology	3.7	58

Source: Medical Center Records.

EMPLOYEES

As of February 28, 2018, the Medical Center employed 967 employees, comprising 785 full time, 41 part time, and 141 per diem employees. Per diem employees receive a 12% differential in lieu of employee benefits and only work on a call-in basis for daily periods of time. As of February 28, 2018, registered nurses comprise 228 (24%) of the Medical Center's employees. A benefit package is offered to employees including medical insurance, a 401(a) retirement plan, life insurance and accidental death insurance, long term disability insurance, an employee optional deferred compensation program and medication coverage. As of February 28, 2018, the Medical Center had 233 employees represented by a labor union. The current Memorandum of Understanding between the Medical Center and the labor union is set to expire on October 26, 2018. Management of the Medical Center considers its relations with its employees and the labor union to be good.

MANAGEMENT'S DISCUSSION OF OPERATIONS AND FINANCIAL PERFORMANCE

Operations

The Medical Center has historically produced an average profit margin of more than 3.6% over the last 10 years despite the fact that the majority of its patients are Medicare or Medi-Cal beneficiaries and government payor reimbursement has generally declined during the last 10 years. In addition, the Medical Center serves uninsured and other indigent patients and Disproportionate Share Hospital ("DSH") payment allotments have also generally been reduced in recent years. Through the relationship with UCSD Health established in 2015, the Medical Center continues to strategically invest in services based on the needs and demands of the City and surrounding community. See "ORGANIZATION AND BACKGROUND – Relationship with the University of California, San Diego Health System and School of Medicine." The

enhancement of outpatient services, increasing access to surgical and pulmonary services, and resolving to improve overall population health management via patient navigation and home visits are just a few examples of the areas of the Medical Center's current focus.

A detailed review of financial and operational performance for Fiscal Year 2017 is available in the Medical Center's audited financial statements provided in APPENDIX B of this Limited Offering Memorandum.

Fiscal Year 2013. From Fiscal Year 2012 to Fiscal Year 2013, total operating revenues decreased by 5.6% from \$133.6 million to \$126.1 million, and total operating expenses increased 0.1% from \$121.1 million to \$121.2 million, resulting in an operating gain of \$5.0 million in Fiscal Year 2013 compared to a \$12.5 million operating gain in Fiscal Year 2012. Net patient service revenue decreased by 4.6% from \$124.1 million in Fiscal Year 2012 to \$118.4 million in Fiscal Year 2013. Total admissions of 6,297 in Fiscal Year 2013 were 5.4% less than in Fiscal Year 2012, while the 47,677 emergency room visits in Fiscal Year 2013 were 8.9% greater than the previous Fiscal Year. The decline in total admissions coupled with an increase in emergency room visits was due primarily to CMS issuing new guidance in 2013 in relation to the "2-Midnight Rule" which provided that inpatient admissions will be payable under Medicare Part A only if the patient is expected to require a hospital stay that spans two midnights. As a result of the new rule, the Medical Center admitted fewer patients, and instead treated such patients as under observation due to concerns regarding increased regulatory scrutiny regarding whether the Medical Center was making medically appropriate decisions regarding admitting patients.

Fiscal Year 2014. From Fiscal Year 2013 to Fiscal Year 2014, total operating revenues increased 1.6% from \$126.1 million to \$128.1 million, and total operating expenses increased 0.3% from \$121.1 million to \$121.5 million, resulting in an operating gain of \$6.7 million in Fiscal Year 2014 compared to a \$5.0 million operating gain in Fiscal Year 2013. Net patient service revenue increased 0.8% from \$118.4 million in Fiscal Year 2013 to \$119.4 million in Fiscal Year 2014. Total discharges of 5,463 in 2014 were 13.9% lower than in Fiscal Year 2013. The decline in total discharges was due primarily to patient outmigration to other healthcare facilities. In Fiscal Year 2014, the Board of Trustees increased average prices for medical services by 2.4% in the aggregate, resulting in \$14.5 million of additional gross patient revenue. The Medical Center's patient volume decreased in inpatient areas and increased in outpatient services. The decline in inpatient volumes resulted in a gross inpatient revenue decrease of \$23.2 million, or 9.2%, in Fiscal Year 2014 compared to the prior fiscal year. The Medical Center experienced an increase of 12.3% in outpatient revenue compared to Fiscal Year 2013, primarily due to the growth of its outpatient clinic volume. Increase in clinic volumes drove overall outpatient revenue to an increase of \$30.1 million, or 8.8%, from the prior Fiscal Year.

Fiscal Year 2015. From Fiscal Year 2014 to Fiscal Year 2015, total operating revenues increased 4.5% from \$128.1 million to \$133.8 million, and total operating expenses increased 0.3% from \$121.5 million to \$121.9 million, resulting in an operating gain of \$11.9 million in Fiscal Year 2015 compared to a \$6.7 million operating gain in Fiscal Year 2014. Net patient service revenue increased 7.1% from \$119.4 million in Fiscal Year 2014 to \$127.8 million in Fiscal Year 2015. Total discharges of 4,925 in Fiscal Year 2015 were 9.8% lower than in Fiscal Year 2014. The decline in total discharges was due primarily to the shift of inpatient services to more outpatient services such as the Rural Health Clinics and emergency room visits. In Fiscal Year 2015, emergency room visits totaled 50,089, a 1.8% increase from Fiscal Year 2014 and outpatient surgeries totaled 3,310, a 6.8% increase from 2014. In Fiscal Year 2015, the Board of Trustees increased prices by 1.3% in the aggregate, resulting in \$8.1 million of additional gross patient revenue. The Medical Center's patient volume decreased in inpatient areas and increased in outpatient services. The decline in inpatient volumes resulted in a gross inpatient revenue decrease of \$14.6 million, or 6.3%, in Fiscal Year 2015 compared to the prior fiscal year. Increases in professional fees/contracted services and other expenses were offset by savings in employee benefits and supply costs.

Fiscal Year 2016. From Fiscal Year 2015 to Fiscal Year 2016, total operating revenues decreased 0.3% from \$133.4 million to \$133.8 million, and total operating expenses increased 6.1% from \$121.9 million to \$129.4 million, resulting in an operating gain of \$4.0 million in Fiscal Year 2016 compared to a \$11.9 million gain in Fiscal Year 2015. The increase in operating expenses was due primarily to nurses unionizing and necessary building and equipment upgrades. Net patient service revenue decreased 0.9% from \$127.8 million in Fiscal Year 2015 to \$126.7 million in Fiscal Year 2016. Total discharges of 4,752 in Fiscal Year 2016 were 3.5% lower than in Fiscal Year 2015. In Fiscal Year 2016, emergency room visits totaled 49,912, a 0.4% decrease from Fiscal Year 2015 and outpatient surgeries totaled 3,508, a 6.0% increase from 2015. In Fiscal Year 2016, the Board of Trustees increased prices by 5% in the aggregate, resulting in \$31.2 million of additional gross patient revenue. As was the case in Fiscal Year 2015, the Medical Center's patient volume decreased in inpatient areas and increased in outpatient services. The decline in inpatient volumes resulted in a gross inpatient revenue decrease of \$3.9 million, or 1.8%, in Fiscal Year 2016 compared to the prior fiscal year. The net effect of the volume increases along with the increases in rates resulted in an overall gross revenues increase of \$42.7 million, or 7% in Fiscal Year 2016.

Fiscal Year 2017. From Fiscal Year 2016 to Fiscal Year 2017, total operating revenues decreased 1.8% from \$133.4 million to \$131.0 million, and total operating expenses increased 10.1% from \$129.4 million to \$142.6 million, resulting in an operating loss of \$11.6 million in Fiscal Year 2017 compared to a net operating gain of \$4.0 million gain in Fiscal Year 2016. The increase in total operating expenses was due primarily to certain actions taken by the Medical Center due to its the affiliation with UCSD through the MMA, including payment of management fees to UCSD and entering into contracts with new specialty physicians made available to the Medical Center through its relationship with UCSD. Net patient service revenue decreased 1.9% from \$126.7 million in Fiscal Year 2016 to \$124.3 million in Fiscal Year 2017. Total discharges of 4,582 in Fiscal Year 2017 were 3.6% lower than in Fiscal Year 2016. In Fiscal Year 2017, emergency room visits totaled 48,805, a 2.2% decrease from Fiscal Year 2016 and outpatient surgeries totaled 4,987, a 42.2% increase from 2016. In Fiscal Year 2017, the Board of Trustees increased prices by 4% in the aggregate, resulting in \$31.6 million of additional gross patient revenue. As was the case in Fiscal Year 2016, the Medical Center's patient volume decreased in inpatient areas and increased in outpatient services. The decline in inpatient volumes resulted in a gross inpatient revenue decrease of \$22.5 million, or 10.6%, in Fiscal Year 2017 compared to the prior fiscal year. The net effect of the volume increases along with the increases in rates resulted in an overall gross revenues increase of \$15.8 million, or 2.4% in Fiscal Year 2017.

Eight Months Ended February 28, 2018. For the eight months ended February 28, 2018, total operating revenues increased 12.6% over the same period of the prior Fiscal Year, from \$87.2 million to \$98.2 million, and total expenses increased by 6.8% over the same period of the prior Fiscal Year, from \$90.9 million to \$97.1 million, resulting in an operating gain for the period of \$1.1 million for the seven months ended February 28, 2018, as compared to an operating loss for the same period in 2017 of \$3.7 million. Inpatient admissions increased 16.2% to 3,523 in the eight months ended February 28, 2018 from 3,031 in the prior year period, and patient days increased 16.0%, to 13,353 in the eight months ended February 28, 2018, from 11,515 for the eight months ended February 28, 2017. For a discussion regarding some of the factors impacting the Medical Center's performance during the eight months ended February 28, 2018, see "FINANCIAL INFORMATION – Historical Utilization Statistics."

Summary of Financial Performance

The table below summarizes the key operating factors for Fiscal Years 2013 through 2017, and the eight month period ended February 28, 2017, and 2018.

El Centro Regional Medical Center Certain Operating and Financial Factors

	Year Ended June 30,					Eight Months Ended February 28, (unaudited)	
	2013	2014	2015	2016	2017	2017	2018
	<i>(dollar denominated values in thousands)</i>						
Patient Days ⁽¹⁾	24,339	21,807	20,715	19,653	17,479	11,515	13,353
Emergency Room Visits	47,677	49,189	50,089	49,912	48,805	31,748	32,438
Primary Care Clinic Visits	50,648	56,859	68,184	71,732	68,058	45,180	53,190
Operating Revenue	\$126,099	\$128,111	\$133,831	\$133,443	\$131,015	\$87,218	\$98,214
Operating Expense	\$ 121,062	\$121,460	\$121,945	\$129,439	\$(142,574)	\$(90,935)	\$(97,115)
Income (Loss) from Operations	\$5,037	\$6,651	\$11,885	\$4,004	\$(11,559)	\$(3,718)	\$1,100
Other Income, net	\$(1,756)	\$(1,280)	\$(1,874)	\$377	\$(290)	\$(378)	\$(891)
Excess (Deficit) of Revenues Over Expenses	\$3,154	\$5,371	\$10,011	\$4,351	\$(11,850)	\$(4,096)	\$208

(1) Excluding newborns, psychiatry, rehabilitation & long term care.

Source: Medical Center Records.

FINANCIAL INFORMATION

Historical Utilization Statistics

The following table sets forth selected utilization statistics for the Medical Center for Fiscal Years 2013 through 2017, and for the eight months ended February 28, 2017, and 2018. The Medical Center believes that a trend of more County residents seeking care outside of the County (“outmigration”) is reflected in the decline in certain of the historical utilization statistics for Fiscal Years 2016 and 2017. Certain health plans available to County residents offer transportation services to Mexico for insured individuals to receive care there, which the Medical Center believes was a contributing factor to the outmigration that was experienced. In addition, the Medical Center believes that there is a perception among a portion of County residents that superior healthcare services are available in San Diego, resulting in such residents traveling to San Diego to receive medical care. The Medical Center believes part of the reason for the decline in patient visits is a strained relationships between prior Medical Center management and some of the local physicians during the calendar year 2016 and the early part of the calendar year 2017. The lack of providers available to treat patients at the Medical Center in key specialties such as gastroenterology/endoscopy, cardiology, orthopedics and pediatrics, impacted the Medical Center’s operating and financial results. The Medical Center has acted to reverse this decline by entering into the MMA with UCSD Health. The Medical Center believes that the availability of UCSD Health physicians to treat patients at the Medical Center and the clinical affiliation with UCSD demonstrate to County residents that they can receive a high quality care at the Medical Center and do not need to travel to San Diego for their medical needs.

In collaboration with UCSD Health, the Medical Center engaged new leadership in recent years. After a national search, the Board of Trustees elected a new CEO in 2016. Pursuant to the MMA with UCSD Health, a member of UCSD’s faculty took on the role of CMO, which role had not previously existed at the Medical Center. In 2017, the Medical Center hired a new CFO. The CEO filled other management positions with individuals whose focus and abilities were aligned with the new direction of the Medical

Center. The Medical Center believes that these changes have strengthened its management team, but as new leaders make staff adjustments and work to develop and implement new processes, there is a necessary transition and ramp-up period during which admissions and other operating results may be adversely affected. Now that the new management team is in place, the Medical Center believes that it is strengthening its relationships with the physician community. The Medical Center has also implemented new initiatives and more rigorous controls in all aspects of the Medical Center's operations. In addition, UCSD Health's involvement has progressed since the initial execution of the MMA, with key UCSD Health representatives working directly with the appropriate Medical Center Staff counterparts. Certain clinical and operational changes at the Medical Center recommended by UCSD Health are being implemented and specialists provided by UCSD Health are becoming integrated into the patient care offerings at the Medical Center. The Medical Center expects that these developments and continued progress in these areas will improve patient volumes in the future. The Medical Center believes the improved performance in the eight months ended February 28, 2018 is a direct result of these efforts.

**El Centro Regional Medical Center
Operating Statistics⁽¹⁾**

	Fiscal Year Ended June 30,					Eight Months Ended February 28,	
	2013	2014	2015	2016	2017	2017	2018
Average Daily Census	66.7	59.7	56.8	53.8	47.9	47.4	55.0
Admissions	6,297	5,466	4,923	4,780	4,613	3,031	3,523
Patient Days	24,339	21,807	20,715	19,653	17,479	11,515	13,353
Length of Stay	3.9	4.0	4.2	4.1	3.8	3.8	3.8
Outpatient Visits (No Clinics)	75,220	79,183	90,113	93,805	92,797	61,035	65,360
Total Emergency Room Visits	47,677	49,189	50,089	49,912	48,805	31,748	32,438
Deliveries	1,135	1,131	1,082	1,155	1,078	779	761
Surgeries without C-Sections	3,992	3,947	4,252	4,285	5,675	3,736	3,684
C-Sections	514	524	505	548	517	372	345
Total Clinic Visits	50,648	56,859	68,184	71,732	68,058	45,180	53,190
Medical Imaging Procedures	98,734	100,162	106,862	109,187	115,664	67,717	69,427
Lab & Path Tests	561,616	571,185	588,065	631,589	613,457	405,831	441,005
Discharges	6,347	5,463	4,925	4,752	4,582	3,036	3,524
Percentage of Occupancy	40.4%	37.1%	35.3%	33.4%	29.8%	29.4%	34.2%
FTEs per 100 Adjusted Admission	6.02	6.12	6.02	5.55	5.07	7.49	7.65
Adjusted Admission	14,759	14,258	13,912	14,715	16,299	10,686	11,615
FTEs	888	872	838	816	826	800	889

(1) Source: Medical Center Records. Unaudited.

The following table sets forth patient days for the Medical Center for Fiscal Years 2013 through 2017, and for the eight months ended February 28, 2017, and 2018.

**El Centro Regional Medical Center
Patient Days⁽¹⁾**

	Fiscal Year Ended June 30,					Eight Months Ended February 28	
Patient Days⁽²⁾	2013	2014	2015	2016⁽³⁾	2017	2017	2018
Medical/surgical	17,785	16,248	15,308	14,512	13,111	8,529	10,001
Intensive care	2,878	2,465	2,503	2,299	1,652	1,075	1,353
Obstetrics	2,680	2,668	2,483	2,462	2,305	1,652	1,592
Pediatrics	746	426	421	380	411	261	416
Neonatal intensive care nursery ⁽⁴⁾	250	-	-	-	-	-	-
Total Patient Days	24,339	21,807	20,715	19,653	17,479	11,517	13,362

(1) Source: Medical Center Records. Unaudited.

(2) Utilization statistics do not include newborns.

(3) Fiscal Year 2016 was a leap year, consisting of 366 days.

(4) Beginning Fiscal Year 2014 the Medical Center chose not to renew its Neonatal Intensive Care Nursery license due to administrative reasons and continued operations as a Level I nursery.

The following table sets forth patient discharges for the Medical Center for Fiscal Years 2013 through 2017, and for the eight months ended February 28, 2017, and 2018.

**El Centro Regional Medical Center
Patient Discharges⁽¹⁾**

Patient Discharges⁽²⁾	Fiscal Year Ended June 30,					Eight Months Ended February 28	
	2013	2014	2015	2016⁽³⁾	2017	2017	2018
Medical/surgical	4,399	3,736	3,325	3,111	3078	1,982	2,425
Intensive care	236	236	226	238	193	123	147
Obstetrics	1,362	1,325	1,215	1,263	1158	835	798
Pediatrics	304	166	159	140	153	96	154
Neonatal intensive care nursery ⁽⁴⁾	46	--	--	--	--	-	-
Total Discharges	6,347	5,463	4,925	4,752	4582	3,036	3,524

(1) Source: Medical Center Records. Unaudited.

(2) Utilization statistics do not include newborns.

(3) Fiscal Year 2016 was a leap year, consisting of 366 days.

(4) Beginning Fiscal Year 2014 the Medical Center chose not to renew its Neonatal Intensive Care Nursery license due to administrative reasons and continued operations as a Level I nursery.

The following table sets forth the average patient length of stay for the Medical Center for the Fiscal Years 2013 through 2017, and for the eight months ended February 28, 2017, and 2018.

**El Centro Regional Medical Center
Average Length of Stay⁽¹⁾**

Average Length of Stay⁽²⁾	Fiscal Year Ended June 30,					Eight Months Ended February 28,	
	2013	2014	2015	2016⁽³⁾	2017	2017	2018
Medical/surgical	4.4	4.6	4.9	5.1	4.6	4.3	4.1
Intensive care	5.0	5.7	5.8	4.6	3.8	8.7	9.2
Obstetrics	2.0	2.0	2.1	2.0	2.0	2.0	2.0
Pediatrics	2.6	2.6	2.7	2.8	2.7	2.7	2.7
Neonatal intensive care nursery ⁽⁴⁾	5.7	--	--	--	--	--	--
Total Length of Stay	3.9	4.0	4.2	4.1	3.8	3.8	3.8

(1) Source: Medical Center Records. Unaudited.

(2) Utilization statistics do not include newborns.

(3) Fiscal Year 2016 was a leap year, consisting of 366 days.

(4) Beginning Fiscal Year 2014 the Medical Center chose not to renew its Neonatal Intensive Care Nursery license due to administrative reasons and continued operations as a Level I nursery.

The following table sets forth the occupancy percentage for the Medical Center for the Fiscal Years 2013 through 2017, and for the eight months ended February 28, 2017 and 2018.

**El Centro Regional Medical Center
Percentage Occupancy⁽¹⁾**

Percentage Occupancy ⁽²⁾	Fiscal Year Ended June 30,					Eight Months Ended February 28,	
	2013	2014	2015	2016 ⁽³⁾	2017	2017	2018
Medical/surgical	44%	40%	38%	36%	33%	32%	37%
Intensive care	39	34	34	31	23	22	28
Obstetrics	39	38	36	35	33	36	34
Pediatrics	17	10	10	9	9	9	14
Neonatal intensive care nursery ⁽⁴⁾	17	0	0	0	0	0	0
Total	40%	37%	35%	33%	30%	29%	34%

(1) Source: Medical Center Records. Unaudited.

(2) Utilization statistics do not include newborns.

(3) Fiscal Year 2016 was a leap year, consisting of 366 days.

(4) Beginning Fiscal Year 2014 the Medical Center chose not to renew its Neonatal Intensive Care Nursery license due to administrative reasons and continued operations as a Level I nursery.

The utilization of the Medical Center is seasonal. The Medical Center normally treats a slightly higher number of patients during November through February. The Medical Center's inpatient admissions decreased by 3.5% from Fiscal Year 2016 to Fiscal Year 2017. The Medical Center attributes this decrease to several factors, including local providers treating patients in alternative locations in the County, Medical Center patients being transferred to hospitals in San Diego that are able to provide a higher level of care, and increased outmigration. A reduction in the number of physicians who made themselves available to see patients in the Rural Health Clinics led to reduced outpatient volumes and lower admissions and usage. The Medical Center has expanded its general surgery services with the addition of UCSD Health surgeons and entered into a new hospitalist services contract with IN Compass Health in May 2017 to replace the hospitalist services previously provided to the Medical Center by UCSD Health. Under the contract, IN Compass Health began providing services in August 2017. The Medical Center has also increased the pool of local providers available to see patients at the Rural Health Clinics and boosted its allied health extenders. These efforts have resulted in an increase in both inpatient and outpatient services.

The Medical Center's new management team has strengthened relationships with local pediatricians, which has resulted in more pediatric inpatient services. Similarly, the Medical Center believes that improved relationships with providers able to supply gastroenterology coverage, and the addition of orthopedics providers, will contribute to continued growth. The Medical Center's management has built trust with the local physician community and has demonstrated a commitment to quality by affiliating with UCSD. The availability of more local specialists and the access to UCSD's specialists allows the Medical Center to treat more chronically ill patients onsite, rather than having to transfer them to other hospitals. The new leaders in nursing administration have improved the collaboration and communication between nurses and physicians at the Medical Center. The Medical Center's commitment to partner with and develop its nursing staff is evidenced by its decision to promote its part time Chief Nursing Officer to become the Medical Center's full time Chief Clinical Officer and Chief Nursing Officer.

Emergency room visits decreased approximately 2.2% from Fiscal Year 2016 to Fiscal Year 2017. The emergency room is staffed 24 hours a day with a minimum of one emergency room physician. In

addition, a second emergency room physician staffs an adjoining urgent care area. This area may be opened during times of peak demand to reduce patient waiting times.

Surgeries, excluding C-sections, increased approximately 32.4% from Fiscal Year 2016 to Fiscal Year 2017 due mainly to the increased presence of permanent general and sub-specialty surgeons. The Medical Center has adopted new policies and procedures that have substantially improved the workflow in the operating rooms, which improves efficiencies. The Medical Center believes that a more streamlined process in the operating rooms is attractive to surgeons in the City and surrounding area and this has resulted in more physicians opting to perform surgeries at the Medical Center instead of other medical facilities. The addition of surgeons from UCSD has also contributed to the increase in surgeries year over year. There have been more eye surgeries performed at the Medical Center because ophthalmologists who had not previously performed surgeries at the Medical Center started seeing their patients at the Medical Center. This substantial increase in the number of eye surgeries performed at the Medical Center has also contributed to the rise in total surgeries since Fiscal Year 2016.

The medical imaging department total procedures increased approximately 5.9% from Fiscal Year 2016 to Fiscal Year 2017. This increase was due primarily to expanded outpatient imaging procedures. The Medical Center continues to focus on its medical imaging department and expects to seek to further enhance its service lines in the coming years. The medical imaging department includes diagnostic radiology, ultrasound, nuclear medicine, a CT scanner, and magnetic resonance imaging (MRI).

Clinical laboratory and pathology billable tests decreased approximately 2.9% from Fiscal Year 2016 to Fiscal Year 2017. This decrease was due primarily to referrals to other medical care providers for laboratory services during Fiscal Year 2017. In the first part of Fiscal Year 2018, the Medical Center acquired additional resources and equipment that will allow it to perform certain of the laboratory services that were previously required to be referred to other medical care providers. In addition, the Medical Center anticipates this service line to continue to see improvements in the coming years. The Medical Center's laboratory is the only College of American Pathology accredited laboratory in the County.

The Medical Center's two Rural Health Clinics provided a total of 68,058 visits in Fiscal Year 2017. This is a decrease in clinic visits from Fiscal Year 2016 of approximately 5.1%. The Medical Center believes that the year-over-year decrease was caused, in part, by a trend to provide more healthcare services in an outpatient setting rather than an inpatient setting, which was consistent with the national direction towards population health management and preventative care. In addition, the Medical Center believes that the reduction in Rural Health Clinic visits year-over-year could be related to the lack or limited availability, during such period, of clinic providers in key specialties such as gastroenterology/endoscopy, cardiology, orthopedics and pediatrics. The Medical Center is pursuing relationships with new or additional providers in these specialties. If these efforts are successful, the Medical Center believes that patient visits to the Rural Health Clinics could increase. In addition, the Medical Center is exploring enhanced telemedicine platforms for the provision of tele-dermatology services and tele-ENT (Ear Nose and Throat) that would be provided in the Rural Health Clinics. The Medical Center believes that enhancing the range of services offered in the Rural Health Clinics is likely to yield increased visits to the Rural Health Clinics in the future. The Medical Center believes that the reduction in Rural Health Clinic visits year-over-year may also be a result of reduction in patients' census generally in the region. The Medical Center expects that the clinical relationships with UCSD Health will help to reduce or eliminate any perception by local residents that they will receive higher quality medical care if they seek such care outside of the County. Since 2017, UCSD Health has provided a surgeon to treat patients in post-operative visits at the Rural Health Clinic located in the City. The Medical Center has seen an increase in Rural Health Clinic visits during the eight months ended February 28, 2018, which is discussed in greater detail below.

The eight months ended February 28, 2018 saw increases in visits to the Rural Health Clinics that are attributable to more primary care and specialist providers being available to treat patients at the Rural Health Clinics. For a period of several years prior to mid-2017, the Medical Center did not have any coverage at the Rural Health Clinics in specialties such as cardiology, nephrology, orthopedics, or pulmonology. The return of these specialties has boosted patient visits. In addition, prior to 2017, there was no surgery coverage at the Rural Health Clinics. During the last year, Medical Center patients have been able to schedule their pre-surgery and post-operative visits at the Rural Health Clinics. The Rural Health Clinics are now truly multi-specialty clinics where patients can access cardiology, gastroenterology, nephrology, neurology, obstetrics and gynecology, ophthalmology, orthopedics, pediatrics, primary care, podiatry, pulmonology, and urology services. The Rural Health Clinics are also better positioned to manage a larger volume of patients. The Medical Center has installed new leaders at the Rural Health Clinics who have implemented extended hours, enhanced patient scheduling services, and new processes that improve patient flow and patient experience. The Medical Center continues to invest in the Rural Health Clinics' providers and services, including recently expanding hours in the Rural Health Care Clinic facility located in Calexico. The Medical Center expects to see continued growth and expansion through its outpatient visits.

The Rural Health Clinics are also engaged in assisting patients to manage their conditions, consistent with the focus on "population health" and the emphasis on preventative care that has been endorsed by CMS and is reflected in incentives included in the Affordable Care Act ("ACA"). In 2015, CMS adopted separate payment codes for Chronic Care Management ("CCM") services. The Rural Health Clinics facilitate programs to develop and maintain a plan of care for patients, communicate with patients' other treating health professionals, and assist with medication management. The Rural Health Clinics also offer a certified diabetes education program and a pre-diabetes education program, which services are covered by Medicare and are aligned with initiatives developed by the Centers for Disease Control and the American Diabetes Association.

The Medical Center is also engaging in additional patient outreach. For example, the Medical Center is publicizing its Patient Call Center, a single-source telephonic service that assists patients in scheduling visits, obtaining transportation to the Medical Center's facilities, and coordinating medical care across the various offerings of the Medical Center. The Medical Center is also evaluating the operation of its clinics, emergency department, medical/surgical unit, and intensive care unit to identify opportunities to enhance the patient experience and increase profitability. The Medical Center's Board Committee structure was revised to include the "Board Quality and Experience Committee" to focus on improving patient satisfaction, in addition to improving quality of care. The Medical Center's Chief Executive Officer has held multiple town hall meetings with members of the public as well as the Medical Center's employees to respond to questions, concerns, and suggestions for the Medical Center's operations. The Medical Center believes that this input from employees and the increased dissemination of information about the UCSD Health relationship and other changes in the Medical Center's operations have improved engagement with the employees and members of the public.

In January 2018, the Medical Center received Chest Pain Center Accreditation from the American College of Cardiology ("ACC") after going through a year-long survey process. Hospitals that have earned the ACC Chest Pain Accreditation have proven exceptional competency in treating patients with heart attack symptoms. With this accreditation, the Medical Center gains access to a comprehensive suite of cardiac services designed to optimize patient outcomes and improve hospital performance. The Medical Center sees an average of 200 acute coronary syndrome patients per month.

Historical Financial Information

The tables on the following pages provide selected financial information for the Medical Center as of and for each of the Fiscal Years 2013 through 2017, and for the eight months ended February 28, 2017 and 2018. The financial information for the Fiscal Years 2013 through 2017 was derived from the audited financial statements of the Medical Center and the financial information for the eight months ended February 28, 2017 and 2018 was derived from the unaudited financial statements of the Medical Center.

The audited financial statements of the Medical Center for Fiscal Year 2017 are included in the Limited Offering Memorandum as APPENDIX B.

El Centro Regional Medical Center Statements of Revenues and Expenses

	Fiscal Year Ended June 30,					Eight Months Ended February 28,	
	2013	2014	2015	2016	2017	2017	2018
Revenues							
Patient Service revenue, net	\$ 118,349,896	\$ 119,359,738	\$ 127,828,455	\$ 126,763,200	\$ 124,261,913	\$ 82,875,848	\$ 93,882,3
Other	7,749,023	8,751,451	6,002,106	6,679,563	6,752,645	4,341,670	4,332,0
Total Operating Revenue	\$ 126,098,919	\$ 128,111,189	\$ 133,830,561	\$ 133,442,763	\$ 131,014,558	\$ 87,217,518	\$ 98,214,3
Expenses							
Salaries and wages	\$ 48,788,516	\$ 47,506,112	\$ 47,582,232	\$ 51,012,307	\$ 51,115,404	\$ 33,653,173	\$ 35,016,2
Supplies	23,880,279	23,314,082	22,994,320	22,735,212	24,202,832	15,626,024	17,919,9
Employee Benefits	11,457,848	13,381,701	12,732,331	13,596,990	14,164,315	8,372,528	9,437,1
Professional fees	12,280,952	12,897,442	12,291,616	14,045,704	18,544,684	11,605,309	11,477,8
Purchased services and other fees	7,599,066	6,873,045	7,928,995	9,976,106	14,541,248	8,658,374	10,241,4
Repairs and maintenance	5,117,573	5,655,733	5,863,322	6,054,016	6,709,352	4,474,459	4,465,6
Depreciation and amortization	5,201,942	5,223,314	5,253,582	5,912,928	6,547,557	4,455,953	4,506,7
Rent	1,933,819	1,889,872	1,786,573	1,552,939	1,597,536	997,037	1,145,2
Utilities	1,655,192	1,651,390	1,671,603	1,590,560	1,568,183	1,074,748	1,031,5
Other	1,895,744	1,628,960	2,251,413	1,473,956	1,646,313	726,001	650,6
Insurance	1,251,432	1,438,682	1,589,403	1,788,054	1,936,573	1,291,783	1,222,1
Total Operating Expenses	\$ 121,062,363	\$ 121,460,333	\$ 121,945,390	\$ 129,438,772	\$ 142,573,997	\$ 90,935,390	\$ 97,114,6
Non-Operating Revenues							
(Expenses)							
Investment income	\$ 11,168	\$ 47,174	\$ 258,102	\$ 764,754	\$ 250,995	\$ 1,410	\$ 332,
Interest Expense	(2,060,772)	(1,827,128)	(1,899,124)	(715,942)	(921,893)	(608,409)	(1,493,0
Grants and contributions	398,979	442,116	375,654	370,874	283,995		
Other	(105,075)	57,936	(608,438)	(42,214)	96,683	209,335	267,
Total Non-Operating Revenues	\$ (1,755,700)	\$ (1,279,902)	\$ (1,873,806)	\$ 377,472	\$ (290,220)	\$ (377,696)	\$ (891,2
(Expenses)							
Capital contributions	77,175	66,952	60,896	-	-	-	-
Other	(80,735)	(79,265)	(90,995)	(30,083)	-	-	-
Excess (Deficiency) of Revenue	\$ 3,280,856	\$ 5,370,954	\$ 10,011,365	\$ 4,381,463	\$ (11,849,659)	\$ (4,095,569)	\$ 208,4
Over Expenses							

Source: The Medical Center's Fiscal Years 2013 through 2017 audited financial statements and its unaudited financial statements for the eight months ended February 28, 2017 and 2018.

**El Centro Regional Medical Center
Balance Sheet**

	As of June 30,					Eight Months Ended February 28,	
	2013	2014	2015	2016	2017	2017	2018
Assets							
Current Assets							
Cash & Cash Equivalents	\$ 26,313,551	\$ 25,738,024	\$ 36,212,710	\$ 22,739,558	\$ 17,839,200	\$ 35,606,395	\$ 29,899
Patient accounts receivable, net	14,518,132	14,073,896	13,545,903	15,748,542	14,826,380	14,415,478	16,978
Other Receivables	1,499,514	1,190,526	1,126,274	631,320	363,429	681,417	853
Current Portion of restricted assets	2,980,051	2,979,349	-	12,289,706	12,435,346	-	-
Inventories	1,882,214	1,850,673	1,861,046	1,842,191	1,782,881	1,827,749	1,783
Prepaid expenses	1,262,026	1,289,633	1,428,695	1,880,736	1,936,562	2,251,337	2,379
Estimated third-payor settlements	-	502,221	1,426,642	7,876,547	1,789,319	1,641,448	2,871
Non-Current Assets							
Board designated assets	7,586,647	7,619,647	6,914,955	-	-	-	-
Held by trustee for debt services	987,652	994,054	1,232,257	1,286,445	1,312,507	3,382,483	3,736
Restricted cash held for capital projects and equipment	2,779,802	17,187	24,332,876	18,697,578	11,363,293	15,129,935	4,995
Property Plant Equipment, net	61,531,149	62,863,645	64,948,590	76,111,328	82,212,843	78,489,875	84,083
Notes receivable	729,042	557,064	278,959	116,338	-	11,978	-
Goodwill	3,370,409	3,370,409	3,370,409	3,370,409	3,370,409	3,370,409	3,370
Other Assets	674,866	748,921	764,027	561,388	561,388	561,388	262
Total Assets	\$ 126,115,055	\$ 123,795,249	\$ 157,443,343	\$ 163,151,996	\$ 149,793,557	\$ 157,369,891	\$ 151,215
Deferred Outflows of Resources	\$ -	\$ -	\$ 5,883,200	\$ 5,139,200	\$ 8,226,300	\$ 4,261,933	\$ 7,083
Total Assets + Deferred Outflow	\$ 126,115,055	\$ 123,795,249	\$ 163,326,543	\$ 168,291,196	\$ 158,019,857	\$ 161,631,824	\$ 158,298
Liabilities and Net Position							
Current Liabilities							
Accounts payable	\$ 6,633,530	5,954,441	7,580,680	\$6,458,060	\$10,011,635	\$ 7,345,239	\$ 11,344
Accrued compensation. and benefits	7,509,957	7,613,138	7,384,355	8,952,517	7,026,758	6,979,684	7,135
Current portion notes payable	789,004	854,620	-	-	-	-	-
Current portion bonds payable	1,498,487	1,578,486	2,795,000	2,965,000	3,060,000	2,965,000	3,060
Current portion of capital leases	2,241,127	2,189,358	1,725,224	2,224,918	2,271,535	2,251,990	2,303
Estimated third-payer settlements	2,502,524	-	-	-	-	-	-
Non-Current Liabilities							
Notes payable, less current portion	4,212,296	3,350,77	-	-	-	-	-
Bonds payable, less current portion	25,648,554	24,087,066	47,205,000	44,240,000	41,180,000	44,240,000	41,180
Capital leases, less current portion	3,003,304	732,452	3,188,105	4,738,042	2,466,507	3,232,822	1,063
Net Pension Liability	-	-	32,419,478	34,112,378	38,946,200	34,112,378	38,946
Total Liabilities	\$ 54,038,783	\$ 46,360,336	\$ 102,297,842	\$ 103,690,915	\$ 104,962,635	\$ 101,127,112	\$ 105,033
Deferred Inflows of Resources	\$ -	\$ -	\$ 779,800	\$ -	\$ 306,600	\$ -	\$ 306
Net Position							
Unrestricted	43,880,431	43,313,181	48,934,061	22,672,892	6,840,021	60,487,474	52,941
Restricted	4,057,464	4,050,844	1,279,579	1,286,445	1,312,507	17,238	17
Net invested in capital assets	24,138,377	30,070,888	10,035,261	40,640,944	44,598,094	-	-
Net Position	\$ 72,076,272	\$ 77,434,913	\$ 60,248,901	\$ 64,006,281	\$ 52,750,622	\$ 60,504,712	\$ 52,959
Total Liabilities + Def Resources + Net Position	\$ 126,115,055	\$ 123,795,249	\$ 163,326,543	\$ 168,291,196	\$ 158,019,857	\$ 161,631,824	\$ 158,298

Source: The Medical Center's Fiscal Years 2013 through 2017 audited financial statements and its unaudited financial statements for the eight months ended February 28, 2017 and 2018.

Attachment: Appendix A - El Centro Regional Medical Center (2) (2673 : ECRMC Bond Refinancing)

SERVICE AREA

General Description

The Medical Center draws its patients from all areas within the County and surrounding areas. The Medical Center's primary service area comprises the City, Calexico and the City of Imperial, California. The secondary service area comprises the remainder of County, along with the City of Mexicali, Mexico. Mexicali is a city with a population of one million, located 12 miles south of the Medical Center's main campus, just across the international border.

Population and Demographic Trends

According to the most current publicly available information provided by the California State Department of Finance ("DOF"), the County had a population of 188,334 as of January 1, 2017. As of the date of this Limited Offering Memorandum, population estimates as of January 1, 2018 were not available.

DOF data indicates that the County's population grew by an aggregate of 7.9% during the period from January 1, 2010 to January 1, 2017. According to publicly available information, DOF projects that the County's population will grow by approximately 12.4% from 2015 to 2025, and by approximately 38% between 2015 and 2045.

El Centro is the largest city in the County, with a population (based on the DOF population estimate as of January 1, 2017) of 45,628. The City of Imperial is adjacent to the City to the north and has a population (based on the DOF population estimate as of January 1, 2017) of 18,658. The second largest city in the County is Calexico, with a population (based on the DOF population estimate as of January 1, 2017) of 40,921. The City of Brawley ("Brawley") has a population of 26,928 (based on the DOF population estimate as of January 1, 2017) and is the third largest city in the County.

Shifts in age distribution and population figures generally affect the volume of care provided by healthcare institutions. According to publicly available information, most of the age components of the general population of the County is projected by DOF to increase during the period from 2015 to 2025; however, DOF is projecting decreases in the number of childbirths during that period as well as decreases in the population between the ages 1 through 4, 20 through 24, and 45 through 59. According to publicly available information, the population of the County age 65 and over is projected by DOF to increase by 46.4% from 2015 to 2025, while the population of the County under 65 is projected by DOF to increase by 7.9%.

OTHER AREA HOSPITALS

The only other acute care hospital in the County, in addition to the Medical Center, serving a total population (based on the DOF population estimate as of January 1, 2017) of 188,334 persons, is Pioneers Memorial Hospital District ("PMHD"), located in Brawley, approximately 14 miles north of the City. PMHD serves Brawley, as well as smaller municipalities located in the northern section of the County, such as the cities of Westmoreland and Calipatria. According to publicly available information, PMHD has 107 licensed and staffed beds. Calexico does not have an acute care hospital. Until 1998, the Heffernan Memorial Healthcare District ("HMHD") operated an acute care hospital in Calexico. In 1995, HMHD filed for bankruptcy. In 1996, HMHD confirmed an amended plan of adjustment, and in 2000, obtained an order for final decree closing its bankruptcy case. The acute care hospital operated by HMHD was closed in 1998. HMHD remains an active health care district. HMHD's activities focus on implementing and sponsoring programs that increase awareness of healthcare services and education in Calexico and the surrounding community. Currently, HMHD does not directly provide healthcare services. As of the date of this Limited Offering Memorandum, the Medical Center is not aware of any plans for HMHD to reopen the acute care hospital or engage in the direct provision of healthcare services. The Medical Center and

PMHD cooperate with respect to the delivery of certain services to patients. Neither HMHD nor PMHD is an affiliate of the Medical Center.

Area Hospital Utilization Data

The following table provides utilization data for the Medical Center and PMHD for Fiscal Years 2012 through 2016. As of the date of this Limited Offering Memorandum, utilization data from OSHPD for Fiscal Year 2017 was not available.

	El Centro Regional Medical Center Area Hospital Utilization Data							
	Fiscal Year 2013		Fiscal Year 2014		Fiscal Year 2015		Fiscal Year 2016	
	Discharges	% of Total	Discharges	% of Total	Discharges	% of Total	Discharges	% of Total
El Centro Regional Medical Center	6,347	53.2	5,463	50.4	4,925	46.8	4,752	45.1
Pioneers Memorial Hospital	<u>5,579</u>	<u>46.8</u>	<u>5,367</u>	<u>49.6</u>	<u>5,598</u>	<u>53.2</u>	<u>5,792</u>	<u>54.9</u>
District Total								
Imperial County Discharges	<u>11,926</u>	<u>100</u>	<u>10,830</u>	<u>100</u>	<u>10,523</u>	<u>100</u>	<u>10,544</u>	<u>100</u>

Source: California Office of Statewide Health Planning and Development.

LONG-TERM INDEBTEDNESS AND CAPITALIZATION

Long-Term Indebtedness

At February 28, 2018, the Medical Center had outstanding \$47,606,831 in aggregate principal amount of long-term debt as follows:

El Centro Regional Medical Center Long-Term Indebtedness	
Description	Principal Amount
Series 2015 Bonds ⁽¹⁾	\$44,240,000
Capital Leases	<u>3,366,831</u>
Total Long-Term Indebtedness	\$47,606,831

(1) To be refinanced by the Series 2018 Bonds.

Series 2015 Bonds. On March 12, 2015, the Medical Center caused the Authority to issue the Series 2015 Bonds to refinance the Medical Center's outstanding 2001 Revenue Bonds, pay down the outstanding notes payable balance and to finance the construction of the Medical Office Building and the renovation of the Central Utility Plant. The Series 2015 Bonds are expected to be redeemed and refinanced with a portion of the proceeds of the Series 2018 Bonds.

In connection with the issuance of the Series 2015 Bonds, the Medical Center and the City entered into an Installment Purchase Agreement with the Authority (the "2015 Agreement"). Under the 2015 Agreement, the Medical Center covenanted, among other things, to maintain a debt service coverage ratio of 1.35:1.00, measured as of the end of each fiscal quarter of the Medical Center (the "2015 DSCR

Covenant”). The Medical Center failed to meet the 2015 DSCR Covenant for each of the fiscal quarters ending March 31, June 30, and September 30, 2017, which failures constituted defaults under the 2015 Agreement and could have resulted in an acceleration of the Series 2015 Bonds. As a result, the Medical Center requested a waiver from the trustee and the owners of the Series 2015 Bonds (the “2015 Bondholders”) of the 2015 DSCR Covenant for each such fiscal quarter (the “waiver request”). In consideration of granting such waivers, the 2015 Bondholders required that the Medical Center and the City enter into a Forbearance Agreement and Release and two amendments to the 2015 Agreement, pursuant to which the Medical Center agreed to (i) engage a financial consultant to conduct a financial assessment; (ii) additional reporting requirements, (iii) the modification of certain financial covenants, (iv) the addition of new financial and other covenants, and (v) a schedule, with specified interim milestones, pursuant to which the Medical Center is required to complete a refinancing of the Series 2015 Bonds no later than April 30, 2018 (collectively, the “Amendment Covenants”). The failure of the Medical Center to comply with any of the Amendment Covenants, including the specified milestones for the refinancing, will constitute a default under the 2015 Agreement and may result in an acceleration of the maturity of the Series 2015 Bonds.

Key Government Finance, Inc., one of the 2015 Bondholders, is an affiliate of KeyBanc Capital Markets, Inc., the underwriter of the Series 2018 Bonds. As a 2015 Bondholder, Key Government Finance, Inc. will be entitled to receive the applicable redemption price upon the redemption of the Series 2015 Bonds described further elsewhere in this Limited Offering Memorandum.

Capital Leases. The Medical Center had outstanding at February 28, 2018, \$3,366,831 in capital lease facilities that are secured by the specific items of fixed assets of the Medical Center or certain restricted cash balances of the Medical Center. On February 7, 2018, the Medical Center incurred an additional \$3,000,000 in capital leases pursuant to a Master Lease Agreement executed with GE Government Finance, Inc. in May 26, 2017. The purpose of this capital lease is to obtain financing to purchase MRI and other imaging equipment for the Medical Office Building. The Medical Center’s outstanding capital lease facilities are more particularly described in Note 8 to the audited financial statements of the Medical Center for Fiscal Year 2017 included as APPENDIX B of this Limited Offering Memorandum.

Capitalization

The table below sets forth the capitalization of the Medical Center for Fiscal Years 2013 through 2017, as well as the unaudited pro forma capitalization of the Medical Center for Fiscal Year 2017, reflecting the issuance of the Series 2018 Bonds in the principal amount of \$125,000,000 and the refinancing of the Series 2015 Bonds.

**El Centro Regional Medical Center
Capitalization
As of June 30,**

	2013	2014	2015	2016	2017	Pro Forma (unaudited) 2017
Total Long-Term Debt (net of current portion) Net Position	\$32,864,154	\$28,170,293	\$50,393,105	\$48,978,042	\$43,646,507	\$125,000,000
(Unrestricted)	43,880,431	43,313,181	48,934,061	22,672,892	6,840,021	6,840,021
Total Capitalization	76,744,584	71,483,474	99,327,166	71,650,934	50,486,528	131,485,021
Long-Term Debt as a % of Capitalization	42.8%	39.4%	50.7%	68.4%	86.5%	95%

Historical and Pro Forma Debt Service Coverage

The table below sets forth the income available for debt service, maximum annual debt service and historical debt service coverage of the Medical Center, in each case, calculated in accordance with the provisions of the Trust Agreement relating to the Series 2018 Bonds, for each of the last five Fiscal Years. In addition, the table below sets forth a pro forma maximum annual debt service requirement and a pro forma debt service coverage ratio for Fiscal Years 2016 and 2017, adjusted to reflect the issuance of the Series 2018 Bonds in the assumed principal amount of \$125,000,000, which assumes that the Series 2018 Bonds had been outstanding for the full Fiscal Years. The historical debt service coverage ratio of the Medical Center calculated in accordance with the provisions of the trust agreement relating to the Series 2015 Bonds or the provisions of any other trust agreement relating to bonds previously issued by the Medical Center may result in different ratios.

**El Centro Regional Medical Center
Historical and Pro Forma Debt Service Coverage**

	Fiscal Year Ended June 30,				
	2013	2014	2015	2016	2017
Excess (deficit) of revenues over expenses	\$ 3,280,856	\$ 5,370,954	\$10,011,365	\$ 4,381,463	(11,849,659)
Plus: depreciation and amortization	5,201,942	5,223,314	5,253,582	5,912,928	6,547,557
Plus: interest expense	<u>2,060,772</u>	<u>1,827,128</u>	<u>1,899,124</u>	<u>715,942</u>	<u>921,893</u>
Income available for debt service	\$10,543,570	\$12,421,396	\$17,164,071	\$11,010,333	(\$4,380,209)
Maximum annual debt service	\$6,959,760	\$6,359,321	\$6,685,733	\$6,853,948	\$6,794,833
Debt service coverage ratio	1.51x	1.95x	2.57x	1.61x	(0.64)x
<i>Pro forma</i> maximum annual debt service	N/A	N/A	N/A	\$8,094,300	\$8,094,300
<i>Pro forma</i> debt service coverage ratio	N/A	N/A	N/A	1.36	(0.54)x

OTHER LONG TERM COMMITMENTS

Effective for the Fiscal Year 2015, the Medical Center adopted Governmental Accounting Standards Board (“GASB”) Statement No. 68, affecting the reporting of pension liabilities for accounting purposes. Under GASB Statement No. 68, the Medical Center is required to report the Net Pension Liability (i.e., the difference between the Total Pension Liability and the Pension Plan’s Net Position or market value of assets) in its financial statements. In its Fiscal Year 2017 audited financial statements, the Medical Center reported the Net Pension Liability for its retirement plan to be approximately \$39 million. See “RETIREMENT PLAN” herein for a description of the Medical Center’s Retirement Plan (as defined herein).

At June 30, 2017, the Medical Center has projects in progress to construct, improve and equip various routine, ancillary and support services. Projects in progress include major repair and expansion projects of the Medical Center’s premises. Total expenditures for Fiscal Year 2017 related to construction progress were approximately \$10.5 million. At June 30, 2017, the remaining commitments of the Medical Center for future payments on these projects total approximately \$10.4 million. See “CONSTRUCTION IN PROGRESS” herein.

THIRD PARTY REIMBURSEMENT AND SOURCES OF PAYMENT

See “RISK FACTORS—Patient Service Revenues” in the forepart of the Limited Offering Memorandum for a more detailed discussion of sources of revenues and certain risks relating to those sources of revenues.

Medicare

The federal Medicare program reimburses the Medical Center for inpatient hospital services provided to Medicare beneficiaries. For Fiscal Years 2013, 2014, 2015, 2016 and 2017, approximately 50.0%, 51.3%, 51.1%, 52.8% and 47.7%, respectively, of the Medical Center’s patient days and approximately 41.2%, 46.6%, 40.2%, 40.0% and 41.6%, respectively, of net patient service revenue of the Medical Center were attributable to Medicare beneficiaries. The Medicare program utilizes the Medicare Severity Diagnosis Related Group (“MS-DRG”) method of reimbursement. Under MS-DRG, the Medical Center is paid a specific amount for an inpatient’s hospital stay based upon the patient’s diagnosis. The diagnoses are based on a coding system known as International Classification of Diseases, version 9 (“ICD-9”) for patients discharged before October 1, 2015 and version 10 (“ICD-10”) for patients discharged subsequent to that date. The Medicare program pays the Medical Center for outpatient hospital services provided to traditional Medicare beneficiaries utilizing the Ambulatory Payment Classification (“APC”) Fee Schedule and for outpatient clinic services based on the Healthcare Common Procedure Coding System (“HCPCS”) fee schedule.

Medi-Cal

The Medical Center receives reimbursement from the State of California Department of Health Care Services (“DHCS”) for inpatient care provided to traditional Medi-Cal beneficiaries (those not enrolled in Medi-Cal managed care plans) utilizing the All-Patient Refined Diagnosis Related Grouping (“APR-DRG”) method effective for patient discharges on and after January 1, 2014. Prior to that date, the Medical Center was reimbursed its actual cost of providing such care. Traditional Medi-Cal outpatient services are paid at rates set by fee schedule.

As a result of the designation of the Medical Center’s outpatient centers as Rural Health Clinics, the Medical Center is eligible for enhanced reimbursement for Medicaid patients, and currently Medi-Cal (including Managed Care) represents approximately 74% of the Rural Health Clinics’ revenue. The

Medical Center's comparatively high level of Medi-Cal revenue is due primarily to the use of obstetric and pediatric services at the Rural Health Clinics.

For the Fiscal Years 2013, 2014, 2015, 2016 and 2017 approximately 27.2%, 28.2%, 32.5%, 33.0% and 36.7%, respectively, of the Medical Center's patient days and approximately 24.9%, 26.9%, 30.2%, 34.0% and 33.0%, respectively, of net patient service revenue of the Medical Center were attributable to Medi-Cal beneficiaries.

See "RISK FACTORS—Patient Service Revenues—Medi-Cal Program" in the forepart of the Limited Offering Memorandum for certain risks associated with revenue the Medical Center receives under the Medi-Cal Program.

Commercial Insurance, Health Maintenance Organizations and Preferred Provider Organizations

The Medical Center has also entered into contracts with certain commercial insurance carriers, health maintenance organizations ("HMO") and preferred provider organizations ("PPO"). The basis for payment to the Medical Center under these agreements includes prospectively determined rates per discharge, discounts from established charges and prospectively determined daily rates.

The Medical Center has approximately 12 commercial payer agreements with HMOs and PPOs. The Medical Center is paid under these commercial payer agreements according to various discounted fee-for-service and per diem arrangements. The Medical Center has two Independent Practice Association agreements, one California Department of Corrections and Rehabilitation Agreement, one United States Department of Homeland Security Letter of Understanding and one TriCare agreement. In total, revenues received by the Medical Center pursuant to these agreements represented approximately 13% of gross patient revenues for Fiscal Year 2017.

The Medical Center also provides its services to patients enrolled in programs of commercial insurance carriers, HMOs and PPOs under which the Medical Center does not have agreements. The Medical Center recognizes revenue for these patients based on its usual customary rates for these services adjusted for historical trends in the Medical Center's reimbursement for similar services.

Charity Care

The Medical Center serves uninsured and other indigent patients, as well as low-income Medicare beneficiaries. It receives DSH payment adjustments that partly offset the Medical Center's costs incurred in providing uncompensated care.

See "RISK FACTORS – Medicare/Medicaid DSH Payments" in the forepart of the Limited Offering Memorandum for certain risks associated with the Medical Center's receipt of DSH payments.

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Summary of Gross Patient Revenue by Payer Source

The following is a summary of gross patient revenue by payer source for the Medical Center for Fiscal Years 2013 through 2017 and for the eight month period ended February 28, 2017 and 2018.

El Centro Regional Medical Center Gross Patient Revenue by Payer Source

	Fiscal Year Ended June 30,					Eight Months Ended February 28, 2017 (unaudited)	Eight Months Ended February 28, 2018 (unaudited)
	2013	2014	2015	2016	2017		
Medicare	44%	44%	43%	44%	46%	44%	45%
Medi-Cal (including Managed Care)	35	34	38	39	31	39	38
Commercial/Private	16	16	15	13	15	13	14
Other	<u>5</u>	<u>6</u>	<u>4</u>	<u>4</u>	<u>8</u>	<u>4</u>	<u>3</u>
Total	100	100	100	100	100	100	100

INVESTMENTS

Cash Position and Liquidity

The following table sets forth the cash position and liquidity of the Medical Center as of June 30, 2016 and June 30, 2017 and at February 28, 2018. In Fiscal Year 2017, the CEO, with the approval of the Board of Trustees and UCSD, implemented a plan to address maintenance concerns relating to certain equipment, facility and infrastructure of the Medical Center. The implementation of this plan has resulted in a decrease in the Medical Center's cash-on-hand.

El Centro Regional Medical Center Cash Position and Liquidity

	June 30, 2016	June 30, 2017	February 28, 2018 (unaudited)
Assets included in days cash on hand :			
Cash and cash equivalents and short term investments	\$35,029,264	\$30,274,546	\$29,899,550
Days cash on hand	103.5	81.2	78.0

Net Investment Income

For Fiscal Year 2017, \$250,995 of net investment income was included in the \$11.8 million of the deficit of revenues over expenses compared to \$764,754 of net investment income included in the \$4.4 million excess of revenues over expenses for the Medical Center for Fiscal Year 2016. Pursuant to the Medical Center's Investment Policy Statement, equity investments cannot exceed 20% and cash and fixed income investments correspondingly cannot be less than 80% of the total portfolio value.

The ability of the Medical Center to generate investment income and realized and unrealized gains is dependent in large measure on market conditions. The market value of its investment portfolio, as well

as its investment income, has shown market volatility in the past and may continue to show market volatility in the future. Because of the size of the Medical Center's cash and investments, investment earnings constitute a material source of revenue and in some fiscal periods may constitute a major percentage of the change in unrestricted net position. Because of volatility in the bond and equity markets, the level of earnings from this source reflected in the operating statement for the Medical Center could be reduced, resulting in decreased operating results for the Medical Center.

CAPITAL PROJECTS

General

The Medical Center made capital expenditures of \$5.7 million, \$6.5 million, \$7.3 million, \$17.1 million and \$12.7 million, in Fiscal Years 2013 through 2017, respectively. These include capital expenditures financed from the net proceeds of the Series 2015 Bonds. The Medical Center has budgeted approximately \$2.8 million for capital expenditures for Fiscal Year 2018.

Over the next five years, the Medical Center expects to spend approximately \$41.2 million for capital additions and improvements to its facilities.

Capital Projects

The Medical Center anticipates significant expenditures on two capital building projects in Fiscal Year 2018: (i) continued construction of the Medical Office Building, expected to be open to patients in July 2018, subject to licensing approvals, and (ii) the commencement of construction of the Project. The Medical Office Building construction was financed by the proceeds of the Series 2015 Bonds, which will be refinanced with the proceeds of the Series 2018 Bonds. New capital will be raised with the proceeds of the Series 2018 Bonds, a portion of which will be used to fund the construction of the Project.

Future Borrowing

The Medical Center does not anticipate incurring any additional long-term debt in the coming years apart from the Series 2018 Bonds.

SEISMIC EVALUATION OF HOSPITALS

The State enacted the Alfred E. Alquist Hospital Seismic Safety Act of 1983 which outlined hospital seismic safety standards for buildings used for acute inpatient care. OSHPD is responsible for supervising seismic upgrades to California hospital buildings in accordance with applicable law. (commonly referred to as "SB 1953"). The Medical Center currently maintains 19 separate buildings or structures that are monitored for compliance with SB 1953, which provides for the classification of hospital buildings according to five Structural Performance Categories (or "SPCs"), from SPC 1 to SPC 5. Under current law, buildings classified as SPC 3 and above are generally considered compliant and may remain in use to 2030 and beyond. Of the Medical Center's 19 classified buildings, two are classified as SPC 5 (both are self-reported as such and not verified by OSHPD). Of the remaining buildings or structures, nine are classified by OSHPD as SPC 4, and eight are classified by OSHPD as SPC 1. Under prior law, buildings classified as SPC 1 had to be brought up to the SPC 2 level by 2013, or be removed from acute care service. In 2007, the State passed the 2020 Seismic Safety Extension ("SB 306") which allows city or county hospitals that meet certain criteria to receive a seven-year extension from the 2013 seismic safety deadlines. The Medical Center qualified for this extension. Accordingly, the Medical Center is undertaking the Project as part of a comprehensive plan to achieve seismic compliance before January 2020.

RETIREMENT PLAN

General Information about the Retirement Plan

Plan Description. The El Centro Regional Medical Center Retirement Income Plan (the “Retirement Plan”) is a single-employer defined benefit pension plan sponsored and administered by the Medical Center. The Retirement Plan covers all employees of the Medical Center hired before January 1, 2010. Employees first hired after December 31, 2009 are not eligible to participate in the Retirement Plan and are enrolled in a defined contribution plan. See “Defined Contribution Plan” below. The Retirement Plan is administered by a retirement plan committee appointed by the Board of Trustees.

Benefits Provided. The Retirement Plan provides retirement and death benefits to participants and their beneficiaries. Retirement benefits for employees are based on the average of the highest consecutive three years of earnings. Normal retirement benefits equal the greater of (a) 65% of average compensation reduced proportionately for years of credited service less than 25 years, (b) 70% of average compensation reduced for years of credited service less than 35 years, or (c) the benefit provided by a participant’s accumulated employee contributions. Employees hired before January 1, 2010, were eligible to participate on their date of hire. Employees hired after December 31, 2009 are not eligible to participate in the Retirement Plan. Employees’ retirement benefits are vested 100% upon Retirement Plan entry. Normal retirement is the later of age 65 and the fifth anniversary of hire. Early retirement is available at age 55 based on credited service to the date of retirement, with a benefit that is actuarially reduced for commencement prior to the normal retirement date. Death benefits are paid as a lump sum equal to the greater of the present value of the participant’s accrued benefit or the participant’s accumulated employee contributions.

Employees Covered by Benefit Terms. At June 30, 2017, the following employees were covered by the benefit terms:

Inactive employees (or their beneficiaries) currently receiving benefits	287
Inactive employees entitled to but not yet receiving benefits	1,017
Active employees	378
	1,682

Contributions. The Retirement Plan’s funding policy provides for annual employer contributions at actuarially determined rates that, expressed as a percentage of annual covered payroll, are sufficient to accumulate assets to pay benefits when due. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The Medical Center is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. For Fiscal Year 2017, participants contributed 5.0% of their annual pay and the Medical Center’s average contribution rate was 12.35% of annual payroll. The contribution requirements of participants and the Medical Center are established and may be amended by the Board of Trustees.

Net Pension Liability

The Medical Center’s net pension liability set forth in the table on the following page was measured as of June 30, 2016 and June 30, 2017, respectively, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Changes in the Net Pension Liability

Based on a measurement date twelve months prior to the Medical Center's fiscal year end, the changes in the net pension liability consist of the following for the Fiscal Years 2016 and 2017:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2015	\$ 82,667,700	\$ 50,248,222	\$ 32,419,478
Changes for the year:			
Service Cost	1,460,000	-	1,460,700
Interest	6,129,100	-	6,129,100
Contributions - Employer	-	3,716,700	(3,716,700)
Contributions - Employee	-	1,333,700	(1,330,700)
Actuarial Liability Loss (Gain)	1,346,000	-	1,346,000
Change in Assumptions	109,000	-	109,000
Benefit Payments Including Return of Participant Contributions	(3,646,300)	(3,646,300)	-
Net Investment Income	-	2,334,200	(2,334,200)
Administrative Expense	-	(32,700)	32,700
Net Changes	5,398,500	3,705,600	1,692,900
Balances at June 30, 2016	\$ 88,066,200	\$ 53,953,822	\$ 34,112,378

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2016	\$ 88,066,200	\$ 53,953,822	\$ 34,112,378
Changes for the year:			
Service Cost	1,241,300	-	1,241,300
Interest	6,525,000	-	6,525,000
Contributions - Employer	-	3,239,400	(3,239,400)
Contributions - Employee	-	1,356,200	(1,356,200)
Actuarial Liability Loss (Gain)	1,576,800	-	1,576,800
Change in Assumptions	115,800	-	115,800
Benefit Payments Including Return of Participant Contributions	(4,219,000)	(4,219,900)	-
Net Investment Income	-	66,800	(66,800)
Administrative Expense	-	(36,622)	32,700
Net Changes	5,239,700	405,878	4,833,822
Balances at June 30, 2017	\$ 93,305,900	\$ 53,359,700	\$ 38,946,200

Actuarial Assumptions. The total pension liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.0%
Salary increases	2.0% including inflation
Investment rate of return	7.25% net of pension plan expense, including inflation

Mortality rates were based on the Society of Actuaries, RP2014 Table with MP2016 for males or females, as appropriate.

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period January 1, 2008 through December 31, 2012.

The long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table.

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	16%	6.5%
International Equity	13	4.9
Commodities	4	1.0
Alternative Investments	28	8.0
Fixed Income	39	4.1
Cash	0	-1.5
	100%	

Discount Rate. The discount rate used to measure the total pension liability was 7.5%. The projection of cash flows used to determine the discount rate assumed that participant contributions will be made at 5.00% of pay from July 1, 2016 through June 30, 2017, with the contribution rate increasing by 0.25% each July 1st until it caps at 6.00%. Based on those assumptions, the Retirement Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The mortality assumption was changed from the 2016 Annuitant and Nonannuitant table for males and females by the Internal Revenue Service in Notice 2015-53.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate. The following presents the net pension liability of the Medical Center as of June 30, 2016 and 2017, respectively, calculated using the discount rate of 7.5%, as well as what the Medical Center's net pension liability would be if it were calculated using a hypothetical discount rate that is 1- percentage-point lower (6.5%) or 1-percentage-point higher (8.5%) than the current rate:

	1% Hypothetical Decrease (6.5%)	Current Rate (7.5%)	1% Hypothetical Increase (8.5%)
Fiscal Year 2016 net pension liability	\$44,296,000	\$34,112,378	\$25,729,400
Fiscal Year 2017 net pension liability	50,683,800	38,946,200	29,403,700

Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the Fiscal Years 2016 and 2017, the Medical Center recognized pension expenses of \$4,896,000 and \$5,401,200, respectively.

At June 30, 2016, the Medical Center reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,156,600	\$ -
Changes of assumptions	15,800	
Net difference between projected and actual earnings on pension plan assets	727,400	
Medical Center contributions made after the Measurement Date of June 30, 2015	3,239,400	-
Totals	\$ 5,139,200	\$

At June 30, 2017, the Medical Center reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 712,300	-
Changes of assumptions	52,300	-
Net difference between projected and actual earnings on pension plan assets	4,113,800	\$306,600
Medical Center contributions made after the Measurement Date of June 30, 2014	3,347,900	-
Totals	\$ 8,226,300	\$ 306,600

Amounts reported for pension expense and components are as follows:

Components of Pension Expense for Fiscal Year 2017

Interest on the Total Pension Liability	\$6,525,700
Service Cost	1,241,300
Actuarial Liability Loss (Gain)	2,021,100
Changes of Assumptions	79,300
Employee Contributions	(1,356,200)
Projected Earnings on Plan Investments	(4,095,900)
Difference Between Projected and Actual Earning on Plan Investments	949,300
Pension Plan Administrative Expenses	<u>36,600</u>
Total Pension Expense	<u>\$5,401,200</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows

Fiscal Year ended June 30:

2018	\$1,713,900
2019	949,300
2020	1,102,700
2021	<u>805,900</u>
	<u>\$4,571,800</u>

Employees hired after January 1, 2010 are enrolled in a Defined Contribution Plan. Employees enrolled in this plan were required to contribute 4.75% of their gross payroll in Fiscal Year 2016 and 5.0% of their gross payroll in Fiscal Year 2017. The Medical Center was required to match the employee contribution percentages. The Medical Center's contributions to this plan were approximately \$843,669 and \$937,060 for Fiscal Years 2016 and 2017, respectively.

MANAGEMENT INFORMATION SYSTEMS

The Medical Center recognizes the increasing importance of strong information systems to provide management, staff and physicians with information that is critical to business decision-making and appropriate clinical care and which protects sensitive and confidential information. The Medical Center has made significant expenditures to acquire and implement information systems over the past several years to provide financial and clinical information technology solutions.

Information System Capabilities

The Medical Center has had an electronic medical record ("EMR") system in place since 2012, providing a primary EMR system, and a sub-set of supporting integrated EMRs for operating entities of the Medical Center's integrated delivery network. Having a primary patient medical record repository for the Medical Center is designed to provide a patient's full continuum of care available to all of the Medical Center's providers. The primary EMR system integrates over eight clinical and administrative functions including: patient scheduling, patient registration (inpatient and outpatient), medical records administration, physician order entry, clinical decision support, physician documentation, nursing management, emergency

department, laboratory, pharmacy, radiology, cardiopulmonary, surgery, inpatient hospital nursing units, connectivity to patient monitoring devices, and other functions and departments.

This EMR system has positioned the Medical Center to increase staff productivity, improve clinical quality and meet external governmental regulatory requirements such as Meaningful Use, Clinical Quality Reporting and electronic reporting of aggregated clinical data to the State and Federal governments.

The Medical Center has also upgraded and installed software to support financial and administrative processing with enterprise resource planning systems to include general ledger, accounts payable, supply chain management, supply ordering and purchasing, human resources/payroll, time and attendance and other administrative support systems. The Medical Center processes electronic submission and receipt of patient bills to third party payers, electronic health insurance verification, and health insurance contract monitoring and modeling through its information systems.

The Medical Center's clinical and financial software applications run on a network infrastructure that includes redundancy designed to provide disaster recovery, wireless access from a variety of devices (phones, laptops, tablets, etc.) and outstanding data security. The Medical Center continues to invest in firewall protection, intrusion protection, cyber-security, information and event management tracking, antivirus and antispyware systems, as well as outsourced after-hours support services.

Medicare provides incentive payments to hospital providers that meet designated deadlines for the installation and use of electronic health information systems. Hospitals are required to adopt and demonstrate "Meaningful Use" of electronic health information systems in order to maintain their existing Medicare reimbursement levels. The first two stages of "Meaningful Use" requirements include implementing secure electronic messaging to communicate health information to patients and ensuring that more than 5% of patients actually use the messaging tool, giving patients the ability to view their health information online, and ensuring that more than 5% of patients gain this access, implementing a Computerized Provider Order Entry ("CPOE") system and ensuring that requirements are met for percentage of orders to be completed via CPOE, and accessing clinically relevant information from Certified Electronic Health Record Technology to identify patient-specific education resources and provide them to patients. The Medical Center has met the Meaningful Use requirements for the first two stages and has received approximately \$6.3 million in cumulative Hospital and Eligible Physician Meaningful Use funding from Medicare through 2017.

See "RISK FACTORS—Technological Capabilities" in the forepart of the Limited Offering Memorandum for a more detailed discussion of certain risks relating to future receipt of funding.

INSURANCE

The Medical Center maintains an insurance program including professional liability coverage, worker's compensation, general liability, automobile liability, replacement value property and business interruption insurance and director's and officer's insurance coverage. The Medical Center's insurance program is reviewed annually by the Medical Center's management and the Finance Committee of the Board of Trustees. The Board of Trustees approves all changes to coverage and policies.

The Medical Center does not carry earthquake or flood insurance. The Board of Trustees employed an independent insurance consultant to review the need for and availability of these specialized types of insurance. The consultant recommended that the Medical Center not purchase earthquake or flood insurance, due to the high premiums and high deductibles. The Board of Trustees accepted the consultant's report and resolved to continue without these coverages.

The Medical Center is self-insured for the medical health insurance for its employees and their dependents. The Medical Center has purchased supplemental coverage for losses in excess of \$175,000 per incident that includes aggregate coverage based on enrollment numbers and factors for each month.

LITIGATION AND PROCEEDINGS

Due to the nature of the business of the Medical Center, from time to time claims and litigation are filed against it. At any given time, the Medical Center will have pending medical malpractice actions and may be subject to other claims arising in the ordinary course of business. In the opinion of management, the Medical Center maintains adequate insurance and/or other financial reserves to cover the estimated potential liability for damages in these cases, or, to the extent such liability is uninsured, adverse decisions will not have a material adverse effect on the financial position or operations of the Medical Center.

APPENDIX A-2
MANAGEMENT'S PERFORMANCE PROJECTIONS

This Appendix A-2 entitled “Management’s Performance Projections” is comprised entirely of the management of the Medical Center’s (the “Management”) forward-looking statements. These Performance Projections are the sole responsibility of Management. These forward-looking statements are not historical facts. The achievement of certain results or other expectations contained in such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. No assurance is given that actual results will meet the forecasts of the Medical Center in any way, regardless of the level of optimism communicated in the information.

The Medical Center does not as a matter of course publicly disclose detailed forecasts or internal projections as to future performance, revenues, earnings or financial condition. However, in connection with the offering of the Series 2018 Bonds, the Medical Center has prepared certain financial projections to provide additional information that may be useful to prospective investors. Management has prepared the following estimates for Fiscal Year 2018 and projections for Fiscal Years 2019 through 2022 of certain operating statistics, revenues, expenses and debt service coverage ratios (“Management’s Performance Projections”). The assumptions and parameters used in the Management’s Performance Projections are believed by Management to be reasonable, and reflect information known as of the date of this Limited Offering Memorandum. The Management’s Performance Projections reflect numerous assumptions with respect to industry performance, general business, economic, market and financial conditions and other matters, all of which are difficult to predict and beyond the Medical Center’s control. The Management’s Performance Projections also reflects numerous estimates and assumptions related to the Medical Center’s business that are inherently subject to significant economic and competitive uncertainties, all of which are difficult to predict and many of which are beyond the Medical Center’s control. As a result, although the Management’s Performance Projections were prepared in good faith based on assumptions believed to be reasonable at the time the information was prepared, there can be no assurance that the assumptions made in preparing such information will prove accurate or that the projected results reflected therein will be realized. Since the Management’s Performance Projections covers multiple years, such information by its nature is subject to greater uncertainty with each successive year. In addition, Management does not intend to update these Management’s Performance Projections to reflect information that becomes known after the date of this Limited Offering Memorandum, including without limitation final pricing and other characteristics of the Series 2018 Bonds.

The estimated operating statistics, revenues and expenses for Fiscal Year 2018 are based on the Medical Center’s performance for the eight months ended February 28, 2018.

Many factors impact the delivery of and payment for health care services which can impact assumptions or forward-looking statements and many other risk factors could affect the Medical Center in various ways. Prospective investors are strongly encouraged to carefully review the sections of this Limited Offering Memorandum entitled “RISK FACTORS” and “MANAGEMENT’S DISCUSSION OF OPERATIONS AND FINANCIAL PERFORMANCE” as well as the Medical Center’s historical financial information included in this Limited Offering Memorandum in connection with their review of the Management’s Performance Projections set forth below. If actual interest rates, yields and/or structure of the Series 2018 Bonds vary from those assumed herein, or any unanticipated changes in the delivery of and payment for health care services, the economy, the labor force, the market area, the Staff of the Medical Center or other factors related to the delivery of and payment for health care services or the Medical Center’s operations, the Medical Center’s actual financial statements could vary materially and adversely from the financial information included in the Management’s Performance Projections.

The Management’s Performance Projections are Management’s projections. The Management’s Performance Projections are not guaranteed as to accuracy or completeness by, and are not to be construed

as representations of the Underwriter, Management, the Authority, the City, the Medical Center or any other entity. The Management's Performance Projections were not prepared with a view toward complying with the published guidelines of the Securities Exchange Commission regarding projections or the guidelines established by the American Institute of Certified Public Accountants for preparation and presentation of prospective financial information or U.S. generally accepted accounting principles ("GAAP"), and some of the Management's Performance Projections present financial metrics that were not prepared in accordance with GAAP. The Management's Performance Projections have not been reviewed or verified by Medical Center's independent auditors, other independent accounts or any other third-party consultants of the Medical Center or any other entity. This Appendix A-2 should be read in conjunction with Appendix A-1, which has a number of defined terms, and provides further explanation for certain of the service and payment-related initiatives described herein.

El Centro Regional Medical Center
Estimated and Projected Operating Statistics
(Dollars in Thousands)

	Fiscal Year Ended				
	June 30,				
	2018⁽¹⁾	2019⁽²⁾	2020⁽²⁾	2021⁽²⁾	2022⁽²⁾
Acute Admissions	5,214	5,241	5,293	5,349	5,483
% year-over-year growth	1.8%	0.5%	1.0%	1.1%	2.1%
Average Daily Census	53.7	53.9	54.2	53.7	53.1
Length of Stay	3.98	3.8	3.8	3.8	3.8
Acute Patient Days (Excluding Nursery)	19,588	9,686	19,784	19,587	19,391
Outpatient Visits (No Clinics)	92,960	97,608	98,096	98,587	99,079
Regional Health Clinics (Total Calexico and El Centro Operating Center)	75,785	79,574	79,972	80,372	80,774
Wound Healing Center (visits)	4,507	4,732	4,756	4,779	4,803
Oncology Outpatient Center: Visits	5,942	6,239	6,270	6,302	6,333
Oncology Outpatient Center: Infusion Services	<u>11,375</u>	<u>11,944</u>	<u>12,004</u>	<u>12,064</u>	<u>12,124</u>
Total Outpatient Visits	171,164	172,334	174,236	178,156	183,501
% year-over-year growth		0.7%	1.1%	2.2%	2.9%
Inpatient Revenue per Patient Day	\$10,861	\$10,915	\$10,752	\$10,752	\$10,970
Outpatient Revenue per Outpatient Visit	\$3,195	\$3,427	\$3,559	\$3,655	\$3,779

(1) Estimated results, after taking into account unaudited actual results through February 28, 2018.

(2) Projected results.

El Centro Regional Medical Center
Estimated and Projected Statements of Revenues and Expenses
(In Thousands)

	Fiscal Year Ended				
	2018 ⁽¹⁾	2019 ⁽²⁾	June 30, 2020 ⁽²⁾	2021 ⁽²⁾	2022 ⁽²⁾
Operating Revenues					
I/P Revenue	\$212,751	\$214,879	\$ 212,730	\$210,602	\$ 212,708
O/P Revenue	546,893	590,644	620,177	651,185	693,513
Gross Patient Revenues	759,644	805,523	832,906	861,788	906,221
Other operating revenue	6,447	7,425	7,500	7,550	7,600
Total Operating Revenue	\$766,091	\$812,948	\$840,406	\$869,338	\$913,821
% year-over-year growth		5.8%	3.3%	3.3%	4.9%
340B Reduction⁽³⁾	-	-	-1,600	-1,600	-1,600
Contractuals	79.5%	79.6%	79.7%	79.9%	80.0%
Charity	0.5%	1.3%	1.3%	1.3%	1.3%
Provision for bad debts	1.9%	0.8%	0.7%	0.7%	0.7%
M/Cal Disproportionate Share	-0.2%	-0.2%			
Contractuals	603,917	641,196	663,826	688,569	724,977
Charity	3,523	10,165	10,511	10,875	11,436
Provision for bad debts	14,509	6,843	5,830	6,033	6,344
M/Cal Disproportionate Share	(1,447)	(1,626)	-	-	-
Total Deductions	620,502	656,578	680,167	705,476	742,756
% Operating Revenue	81.0%	80.8%	80.9%	81.2%	81.3%
Total Net Revenue	\$145,589	\$156,370	\$158,639	\$162,262	\$169,465
% year-over-year growth		7.4%	1.5%	2.3%	4.4%
Operating Expenses					
Salaries & Wages	52,848	56,339	57,465	58,615	60,666
Employee Benefits	13,674	14,788	15,084	15,386	15,924
Professional Fees - Medical	11,302	12,220	12,464	12,713	13,158
Professional Fees - Non-Med	6,086	6,456	6,521	6,586	6,652
Supplies - Medical	24,937	26,453	26,718	26,985	27,794
Supplies - Non-Medical	2,042	2,187	2,209	2,231	2,253
Food	655	695	709	723	737
Repairs and Maintenance	6,653	6,988	7,058	7,129	7,200
Other Fees	7,195	7,520	7,370	7,222	7,078
Registry	7,104	7,351	7,204	7,060	7,131
Lease and rental	1,693	1,743	1,761	1,778	1,796
Utilities	1,608	1,706	1,740	1,775	1,810
Depreciation and amortization	6,835	7,997	8,277	8,691	9,125
Insurance	1,834	1,946	1,984	2,024	2,065
Other Expenses	972	1,016	996	976	956
Total Operating Expenses	\$145,438	\$155,405	\$157,559	\$159,893	\$164,346
% year-over-year growth	-	6.9%	1.4%	1.5%	2.8%

(1) Estimated results, after taking into account unaudited actual results through February 28, 2018.

(2) Projected results.

(3) See "RISK FACTORS – Business Relationships and Other Business Matters- Section 340B Drug Pricing Program" in the forepart of this Limited Offering Memorandum for additional information regarding the 340B Reduction.

Table continued on following page.

Attachment: Appendix A - El Centro Regional Medical Center (2) (2673 : ECRMC Bond Refinancing)

El Centro Regional Medical Center
Estimated and Projected Statements of Revenues and Expenses
(In Thousands)
(Continued)

	Fiscal Year Ended June 30,				
	2018 ⁽¹⁾	2019 ⁽²⁾	2020 ⁽²⁾	2021 ⁽²⁾	2022 ⁽²⁾
Operating Income	\$151	\$965	\$1,080	\$2,369	\$5,118
Operating Margin%	0.1%	0.6%	0.7%	1.5%	3.0%
Non-Operating Revenue and Expenses:					
Investment Income	425	491	505	526	541
Grants and Contributions	615	525	575	600	615
Non Operating Revenue/(Expense)	47	75	75	75	75
Interest Expense	<u>(1,368)</u>	<u>(1,057)</u>	<u>(1,110)</u>	<u>(1,166)</u>	<u>(1,189)</u>
Total Non-Operating Revenue and Expenses	(281)	34	45	35	42
(Deficit)/Excess Revenues Over Expenses	\$(130)	\$998	\$1,125	\$2,403	\$5,161
% Revenue	-0.1%	0.6%	0.7%	1.5%	3.0%
EBIDA	\$8,073	\$10,052	\$10,512	\$12,260	\$15,475
% Revenue	5.5%	6.4%	6.6%	7.6%	9.1%

(1) Estimated results, after taking into account unaudited actual results through February 28, 2018.

(2) Projected results.

El Centro Regional Medical Center
Estimated and Projected Debt Service Coverage Ratio (DSCR)
(In Thousands)

	Fiscal Year Ended June 30,				
	2018 ⁽¹⁾	2019 ⁽²⁾	2020 ⁽²⁾	2021 ⁽²⁾	2022 ⁽²⁾
(Deficit)/Excess Revenue Over Expenses	\$ 151	\$ 965	\$ 1,080	\$ 2,369	\$ 5,115
(+) Depreciation & Amortization	6,835	7,997	8,277	8,691	9,125
(+) Interest Expense	1,368	1,057	1,110	1,166	1,189
(+/-) GASB Amortization	2,319	1,850	1,425	1,000	1,000
(+/-) Unrealized Investment Losses / Gain	<u>(12)</u>	<u>75</u>	<u>125</u>	<u>150</u>	<u>175</u>
Income Available for Debt Service (Numerator)	\$10,661	\$11,944	\$12,017	\$13,376	\$16,604
Bonds Payable	\$ 3,060	\$ 0	\$ 0	\$ 0	\$1,175
Capital Lease Payable	2,299	6,250	6,500	6,250	6,000
Notes Payable	0	0	0	0	0
Interest Expense	<u>2,330</u>	<u>125</u>	<u>175</u>	<u>1,583</u>	<u>7,140</u>
Annual Debt Service (Denominator)	\$7,690	\$6,375	\$6,675	\$7,833	\$14,315
Debt Service Coverage Ratio (DSCR)	1.39	1.87	1.80	1.71	1.16
Maximum Annual Debt Service (MADS)					

(1) Estimated results, after taking into account unaudited actual results through February 28, 2018.

Attachment: Appendix A - El Centro Regional Medical Center (2) (2673 : ECRMC Bond Refinancing)

(2) Projected results.

ASSUMPTIONS RELATING TO THE PROJECTED INFORMATION FOR FISCAL YEARS 2019 THROUGH 2022

Beginning in Fiscal Year 2019, the Medical Center expects the opening of the Medical Office Building to patients to allow the Medical Center to provide several new service lines to its patients. In addition, the Medical Center expects to be able to enhance certain of its current services through the relocation of certain lines of service to the Medical Office Building.

The Medical Center's Oncology clinic, currently located off site elsewhere in the City, will be relocated to the Medical Office Building. As a result of the relocation, the Medical Center projects an increase in patient volume through the capture of a portion of the outmigration of patients to facilities located in San Diego and Yuma, Arizona. The Medical Center projects that the relocation of the Oncology clinic will result in an additional \$6.8 million in net income for Fiscal Year 2019 with a 2.5% graduated escalation through Fiscal Year 2022, after which, net patient revenue is expected to stabilize. The Medical Center expects to hire 1 additional physician full time equivalent unit ("FTE"), 1 to 2 FTE Registered Nurses ("RN"), 2 FTE licensed vocational nurses ("LVN"), 2 FTE aides in staffing with a 2.5% increase year over year. The Medical Center assumed an expense of \$485,000 per month due to additional medical supplies taking into account 3% rate of inflation rate year over year. Expenses and staffing were projected by Management based on historical performance.

The Medical Center intends to introduce a new service line through the addition of a Catheterization Laboratory (also referred to as a "Cath Lab"). A Cath Lab is an examination room with diagnostic imaging equipment used to visualize the arteries and the chambers of the heart and treat any stenosis or abnormality found. The introduction of the Medical Center's Cath lab is projected to result in approximately 911 visits in Fiscal Year 2019, increasing to approximately 953 visits in Fiscal Year 2022, after which point visits are expected to stabilize. This new service line is projected by Management to bring in approximately \$3.2 million in net income for the Medical Center in Fiscal Year 2019, increasing through Fiscal Year 2022 where net income attributable to the Cath Lab is projected by Management to level off at approximately \$3.6 million per fiscal year. For purposes of the Management's Performance Projections, Management projected 0.2 physician FTE in Fiscal Year 2019, escalating to 1 full physician FTE in Fiscal Year 2022, 1.5 – 2 FTE RNs, and 2 FTE aides in staffing with a 2.5% increase in overall staffing year over year after Fiscal Year 2022. For purposes of the Management's Performance Projections, Management projected an expense of \$42,000 per month for medical supplies in Fiscal Year 2019 escalating to \$135,000 per month in Fiscal Year 2022, taking into account a projected 3% rate of inflation rate year over year through Fiscal Year 2022. Expenses and staffing were projected by Management based on research on like facilities with a Cath Lab.

Another new service line that is expected to be introduced with the completion of the Medical Office Building is Orthopedic Surgery. Orthopedic Surgery is the branch of surgery concerned with conditions involving the musculoskeletal system. Orthopedic surgeons use both surgical and nonsurgical means to treat musculoskeletal trauma, spine diseases, sports injuries, degenerative diseases, infections, tumors, and congenital disorders. Currently the vast majority of orthopedic patients located in the County are required to travel outside of the Medical Center's service area for Orthopedic Surgery services. For purposes of the Management's Performance Projections, Management projected that the Medical Center will serve 190 patients in Fiscal Year 2019, with the number of patients served projected to escalate to 212 patients by Fiscal Year 2022. For purposes of the Management's Performance Projections, Management projects that Orthopedics will generate \$368,000 in net income for the Medical Center in Fiscal Year 2019, with such net income increasing to \$393,000 by Fiscal Year 2022. For purposes of the Management's

Performance Projections, Management projected 1 physician FTE, 1 – 1.5 RNs, 1 aide in Orthopedic staffing in Fiscal Year 2019, with a 2.5% increase year over year through Fiscal Year 2022. For purposes of the Management's Performance Projections, Management projected \$1,200 per month for Orthopedic-related medical supply expenses in Fiscal Year 2019, escalating to \$2,000 per month by Fiscal Year 2022, taking into account a projected 3% rate of inflation rate year over year. Expenses and staffing were projected by Management based on research on like facilities with the orthopedic line of service.

The Medical Center also intends to add a Pulmonology service line. The Medical Center currently sees an unmet need for this service line in the Medical Center's service area. This medical specialty involves diseases affecting the respiratory tract. Pulmonologists are specially trained in diseases and conditions of the chest, particularly pneumonia, asthma, tuberculosis, emphysema, and complicated chest infections, which are prevalent in the County. For purposes of the Management's Performance Projections, Management projects approximately 425 patients for the Pulmonology service line during Fiscal Year 2019, adding a projected \$210,000 to net income for the Medical Center in Fiscal Year 2019. The number of patients is projected by Management to reach approximately 435 by Fiscal Year 2022, adding approximately \$215,000 of net income in Fiscal Year 2022. For purposes of the Management's Performance Projections, Management projected 1 physician FTE, 2 FTE aides in staffing in Fiscal Year 2019, with a 2.5% increase year over year through Fiscal Year 2022. For purposes of the Management's Performance Projections, Management projects an expense of \$400 per month for medical supplies in Fiscal Year 2019, escalating to \$800 per month in Fiscal Year 2022, taking into account 3% rate of inflation rate year over year. Expenses and staffing were projected by Management based, in part, on research with OSHPD.

In 2019, the Medical Center is expected to add a Urology service line to the Medical Office Building. Urology is the branch of medicine that focuses on surgical and medical diseases of the male and female urinary-tract system and the male reproductive organs. Although the patient-base is not expected to be as significant as the patient-base for some of the Medical Center's other service lines, the Medical Center sees a need for the service in the County, and for purposes of the Management's Performance Projections, Management projects that the Urology service line will serve roughly 52 patients in Fiscal Year 2019 increasing through Fiscal Year 2022, where it is expected to stabilize with nearly 60 patients on average per Fiscal Year. For purposes of the Management's Performance Projections, Management projects that the Urology service line will contribute approximately \$365,000 to the Medical Center's net income in Fiscal Year 2019, increasing to approximately \$386,000 in net income by Fiscal Year 2022. For purposes of the Management's Performance Projections, Management projected 0.25 physician FTE, escalating to 1 physician FTE in 2022, 1 FTE RNs, 1 aides in staffing in the Urology service line, with a 2.5% increase year over year through Fiscal Year 2022. For purposes of the Management's Performance Projections, Management projected an expense of \$1,750 per month in Fiscal Year 2019 for medical supplies escalating to \$2,500 per month in Fiscal Year 2022, taking into account a projected 3% rate of inflation rate year over year. Expenses and staffing were projected by Management based, in part, on research with OSHPD.

The Medical Center previously offered the Neonatal Intensive Care Unit ("NICU") service line in 2014, but due to administrative reasons, the NICU license was not renewed. NICU is an intensive care unit specializing in the care of ill or premature newborn infants. Neonatal refers to the first 28 days of life. Neonatal care, also known as specialized nurseries or intensive care, has been around since the 1960s. The Medical Center plans to reestablish the NICU service line. For purposes of the Management's Performance Projections, Management projects that the Medical Center will treat nearly 385 babies in Fiscal Year 2019, adding approximately \$1 million to the Medical Center's projected net income. The number of babies treated is expected to peak at 400 babies by Fiscal Year 2022 and is expected to add approximately \$1.2 million to the Medical Center's projected net income in Fiscal Year 2022. For purposes of the Management's Performance Projections, Management projected 0.1 physician FTE in Fiscal Year 2019, escalating to 1 physician FTE in 2022, and 0.5 FTE RNs and 1 FTE aides in staffing in Fiscal Year 2019,

with a 2.5% increase year over year through Fiscal Year 2022. For purposes of the Management's Performance Projections, Management projected an expense of \$1,200 per month for medical supplies in Fiscal Year 2019, escalating to \$2,000 per month in Fiscal Year 2022, taking into account 3% rate of inflation rate year over year. Expenses and staffing were projected by Management based on research on like facilities with the NICU line of service.

APPENDIX C

CERTAIN INFORMATION CONCERNING THE CITY OF EL CENTRO AND THE COUNTY OF IMPERIAL

The Series 2018 Bonds will not be secured by any pledge of ad valorem taxes or general fund revenues of the City of El Centro, California (the “City”) but will be payable solely as described elsewhere in this Limited Offering Memorandum. The description of the financial and economic information regarding the City set forth in this Appendix C is included in this Limited Offering Memorandum for informational purposes only.

Geography

The City is situated in the Imperial Valley, 117 miles east of San Diego, 60 miles west of Yuma, Arizona and 12 miles north of the Mexican city of Mexicali, the capital of the state of Baja. It is the industrial, agricultural and government center of the County of Imperial, California (the “County”). The City encompasses approximately six square miles. The City enjoys a year-round growing season with mean monthly temperatures ranging between 61 and 91 degrees.

The County has an annual average rainfall of less than four inches, and three-fourths of the area is desert sand and rugged mountains. Even so, the County is one of the major agricultural producers in the State of California (the “State”). The City is the County seat and is a retail center for a strong agribusiness economic base and a rapidly expanding resort and recreational economy. A major interstate highway and railroad offer excellent transportation service for an emerging industrial economy.

City Government

The City was incorporated in 1908 as a general law city as provided by the State. On November 3, 2009 City voters approved Measure G which authorized the City to become a charter city. The City Council of the City certified the November 3, 2009 election results on December 1, 2009. The City Council members are elected officials. Terms are staggered so that two council members are elected every four years. The City Council elects a Mayor and Mayor Pro Tem from among its members every year. Council elections are held in even numbered years.

The City operates on a Council/Manager system of government. Among the City Council’s responsibilities are the appointment of the City Manager, the City Attorney and the City Clerk; approval of the City budget; and policy guidance and conflict resolution over civic matters as required. The Council also appoints numerous advisory commissions and boards to assist in specific matters. Among the City Manager’s duties are responsibility for police and fire protection, public works, utilities, administrative services and operation of the City Library. The City also owns the El Centro Regional Medical Center (the “Medical Center”).

Assessed Valuation

The table below presents the assessed valuations of taxable real property located in the City for the fiscal years shown.

**City of El Centro
Assessed Valuation of Taxable Property
Last Five Fiscal Years
Fiscal Years Ending June 30**

<u>Fiscal Years (Ending)</u>	<u>Assessed Value</u>
2012	\$2,036,731,983
2013	2,013,469,116
2014	2,003,429,040
2015	2,022,063,289
2016	2,173,973,430
2017	2,280,920,814

Source. County of Imperial Auditor/Controller.

Economic and other factors beyond the City's control, such as economic recession, deflation or land values, or the complete or partial destruction of taxable property caused by, among other eventualities, earthquake, flood or other natural disaster could cause a reduction in the assessed value of taxable property in the City.

**City of El Centro
Property Tax Levies and Collections
Last Five Fiscal Years
Fiscal Years Ending June 30**

<u>Fiscal Year</u>	<u>Total Tax Levy</u>	<u>Total Tax Collections</u>	<u>Total Collections as Percent of Current Levy</u>
2012	\$ 9,145,137	\$7,745,877	84.70%
2013	9,202,670	8,905,252	96.77
2014	9,047,691	8,899,326	98.36
2015	9,123,429	8,277,075	90.72
2016	9,551,183	8,647,662	90.54
2017	10,040,658	6,432,913	64.07

The amounts presented include City property taxes and Redevelopment Agency tax increment.

Source: County of Imperial Auditor/Controller.

Tax Levies and Delinquencies

The City uses the facilities of the County for the assessment and collection of taxes. City taxes are collected at the same time and on the same tax rolls as County, District and Special District taxes. Taxes on the secured roll are payable in two installments on November 1 and February 1 of each fiscal year, and

become delinquent after December 10 and April 10, respectively. Taxes on unsecured property are assessed and payable March 1 and become delinquent the following August 31. A 10% penalty attaches to delinquent taxes which have been levied on property on the secured roll. Such property may thereafter be redeemed by payment of the delinquent taxes and the delinquency penalty, plus a redemption penalty of 1/2 per month to the time of redemption. If taxes are unpaid for a period of five years or more, the property is deeded to the State and is subject to sale by the County Tax Collector.

A list of the ten largest taxpayers in the City for the most recent fiscal year is included in the following table.

**City of El Centro
Principal Taxpayers
June 30, 2017**

Taxpayer	2017 Assessed Valuation	Percentage of Total Assessed Valuation
I V Plaza LLC (RJFP LLC)	\$50,774,411	2.04%
Imperial Valley Mall II, LP	46,375,235	1.86
EGP CH El Centro LLC	24,319,490	0.98
RJ Development Co. LLC	21,075,089	0.85
Wal-Mart Stores Inc.	18,505,640	0.74
Target Corporation	14,114,059	0.57
Auto Plaza Apartments LLC	12,500,000	0.50
Dillard Stores Services Inc.	11,344,710	0.46
Costco Wholesale Corp	10,283,649	0.41
Seritage SRC Finance LLC	10,178,580	0.41

Source: Imperial County Assessor's Office.

Population

The City's population increased approximately 4.1% between 2012 and 2017. The following table shows the population of the City as of January 1 of each year.

**City of El Centro
Demographic Data**

Year	Population
2012	43,827
2013	44,192
2014	44,366
2015	44,946
2016	45,305
2017	45,628

Source: U.S. Department of the Census and the California State Department of Finance.

Utilities

Southern California Gas Company and the Imperial Irrigation District supply natural gas and electric service to residents in the City. Pacific Bell and AT&T provide telephone service to residents in the City.

City Employment

The following table sets forth employees by function for the City for the fiscal years 2013 through 2017.

City of El Centro Employees by Function (Full Time Equivalents) 2013 through 2017					
	2013	2014	2015	2016	2017
Governmental Activities					
General Government	25.5	25.5	26.5	29.5	27.5
Public Safety	126.0	123.0	124.0	124.0	124.0
Public Works	12.2	12.2	12.2	12.2	12.2
Parks and Recreation	16.0	16.0	17.0	19.6	19.6
Community Development	20.0	20.0	20.0	18.4	17.4
Water	20.9	19.9	19.9	21.6	21.6
Sewer	<u>23.4</u>	<u>23.4</u>	<u>24.4</u>	<u>24.7</u>	<u>24.7</u>
Total	244.0	240.0	244.0	250.0	247.0

Totals may not add up due to rounding.

Source: City of El Centro Finance Department.

Principal Employers

Principal employers within the City are listed in the tables below.

City of El Centro Principal Employers (as of June 30, 2017)

<u>Name of Company</u>	<u>Type of Business</u>	<u>Number of Employees</u>
County of Imperial ⁽¹⁾	Governmental	2,059
El Centro School System ⁽¹⁾	Education	1,358
Imperial Irrigation District	Water and Power	1,337
Centinela State Prison	Prison	1,270
Calipatria State Prison	Prison	1,061
Homeland Security/U.S. Border Patrol ⁽¹⁾	Governmental	989
El Centro Regional Medical Center ⁽¹⁾	Hospital	961
Naval Air Facility	Military	592
Imperial Valley College	Education	416
Costco ⁽¹⁾	Retail	250
Wal Mart ⁽¹⁾	Retail	239
United States Gypsum Co.	Manufacturing	234
Cal Energy Operating Co./Ormat	Power	215
J.C. Penny ⁽¹⁾	Retail	148

“Total Employment” as used above represents the total employment within the County of Imperial.

⁽¹⁾ Employers within or near the geographical boundaries of the City.

Source: City of El Centro Economic Development Department.

Commercial Activity

The following table provides a summary of taxable transactions in the City for 2011 through 2015. Annual figures for 2016 and 2017 are unavailable.

	Taxable Transactions (In Thousands)				
	2011	2012	2013	2014	2015
<u>Retain and Food Services</u>					
Motor Vehicle and Parts Dealers	94,839	91,988	97,230	102,387	113,842
Home Furnishings and Appliance Stores	-	36,772	-	33,060	40,705
Bldg. Maint. and Garden Equip and Supplies	58,895	62,908	66,691	68,968	73,752
Food and Beverage Stores	24,643	24,849	25,796	28,028	29,286
Gasoline Stations	63,538	64,735	63,290	59,562	52,149
Clothing and Clothing Accessories Stores	105,716	118,191	123,153	108,408	104,663
General Merchandise Stores	236,865	244,916	254,434	251,550	217,784
Food Services and Drinking Places	84,899	90,223	97,798	105,689	110,952
Other Retail Group	74,093	39,954	76,913	42,312	43,245
Total Retail and Food Services	743,498	774,536	805,305	799,964	786,379
All Other Outlets	161,355	160,139	175,618	189,273	175,819
Total All Outlets	<u>904,853</u>	<u>934,675</u>	<u>980,923</u>	<u>989,237</u>	<u>962,198</u>

Source: California State Board of Equalization Statistical Research and Consulting Division.

Transportation

The County's transportation network includes road, railroad and shipping services. Interstate 8 is a major east-west transcontinental highway which bisects the southern portion of the City. State Routes 78, 86 and 111 link the City north/northwest to Indio and Los Angeles. The Southern Pacific Railroad provides freight services primarily for agricultural transportation. The nearest port facilities are located in San Diego, 120 miles to the west of the City.

Imperial County Airport (Boley Field), three miles north of the City, provides scheduled passenger and air freight service to Los Angeles and Phoenix. The San Diego Airport is located 115 miles west of the City. Service is available from the San Diego Airport to all principal cities on the West Coast as well as direct flights to other major U.S. cities, including New York and Chicago, and many international locations. Also, Greyhound Lines and Trailways Bus System provide transcontinental service.

Education and Community Services

El Centro Elementary School District has an enrollment of approximately 6,250 students at twelve schools. Central Union High School District, based in the City, serves five high schools and approximately 4,167 students. Advanced education is available in the County at two colleges: Imperial Valley Community College (two-year) and San Diego State University – Imperial Valley Center at Calexico.

The nearby City of Mexicali offers many educational opportunities that contribute to the skilled work force in the region, including the Universidad Autónoma de Baja California, CETYS Universidad, Instituto Tecnológico de Mexicali, UNIVER Mexicali, Universidad Xochicalco Campus Mexicali, Universidad del Valle de Mexico Campus Mexicali, Tecnológico de Baja California, Benemerita Escuela Normal Urbana federal Fronteriza, Instituto Salvatierra and CECyTE.

The Medical Center is the City's only general hospital. Cultural facilities in the City and surrounding area include approximately 44 churches or synagogues and approximately 14 theaters. The City operates a public library.

The area has nine radio stations, four TV channels and one cable TV system. Local newspaper coverage is provided by the Imperial Valley Press which is published seven times a week. Financial institutions located in the City include six banks, three credit unions and eleven mortgage, thrift or loan institutions.

The Parks and Recreation Department of the City maintains nine parks and six playgrounds. Other recreational facilities include approximately 17 lighted baseball diamonds, two golf courses, racquetball and tennis courts, boating and water sports facilities at the Salton Sea (approximately 50 miles north from the City) and at two man-made lakes – Sunbeam Lake and Weist Lake.

The City operates its own police force and fire department. The police force has approximately 52 sworn officers. The fire department operates out of three fire stations and consists of approximately 35 sworn firefighters.

CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement, dated as of April 1, 2018 (this “Disclosure Agreement”), is executed and delivered by the City of El Centro (the “City”), the El Centro Regional Medical Center (the “Medical Center”) and Wulff Hansen & Co., as dissemination agent (the “Dissemination Agent”), relating to the \$125,000,000 aggregate principal amount of El Centro Financing Authority Hospital Revenue Refunding Bonds (El Centro Regional Medical Center Project), Series 2018 (the “Bonds”). The City, the Medical Center and the Dissemination Agent covenant and agree as follows:

SECTION 1. Purpose of the Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the City, the Medical Center and the Dissemination Agent for the benefit of the Holders and Beneficial Owners of the Bonds and in order to assist the Participating Underwriter in complying with Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended. The City, the Medical Center and the Dissemination Agent acknowledge that the El Centro Financing Authority (the “Authority”) has no responsibility for continuing disclosure.

SECTION 2. Definitions. In addition to the definitions set forth in the Trust Agreement, dated as of April 1, 2018 (the “Trust Agreement”), by and between the Authority and MUFG Union Bank, N.A., as trustee (the “Trustee”), which apply to any capitalized term used but not defined in this Disclosure Agreement, the following capitalized terms shall have the following meanings:

“Annual Report” shall mean any annual report provided by the Medical Center to the MSRB pursuant to, and as described in, Sections 3 and 4 of this Disclosure Agreement.

“Authorized Medical Center Representative” shall mean the chief executive officer or the chief financial officer of the Medical Center or any other person designated in writing to the Dissemination Agent to act as a representative of the Medical Center for purposes of this Disclosure Agreement.

“Beneficial Owner” shall mean any Person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including Persons holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bonds for federal income tax purposes.

“Business Day” shall mean a day other than (a) Saturday or Sunday, (b) a day on which banking institutions in the city (initially, Los Angeles, California) in which the Principal Corporate Trust Office is located are authorized or required by law to be closed, and (c) a day on which the New York Stock Exchange is authorized or required by law or executive order to be closed.

“Disclosure Representative” shall mean the Authorized Medical Center Representative or his or her designee or such other Person as the Authorized Medical Center Representative shall designate in writing to the Dissemination Agent from time to time.

“Dissemination Agent” shall mean Wulff Hansen & Co., acting in its capacity as Dissemination Agent hereunder, or any successor Dissemination Agent designated in writing by the Medical Center and which has filed with the Medical Center a written acceptance of such designation.

“EMMA” shall mean the Municipal Securities Rulemaking Board’s Electronic Municipal Market Access System for municipal securities disclosures, maintained on the internet at <http://emma.msrb.org>.

“Holder” shall mean any Person holding of record one or more Bonds.

“Limited Offering Memorandum” shall mean the Limited Offering Memorandum, dated _____, 2018, relating to the Bonds.

“Listed Events” shall mean any of the events listed in Section 5 of this Disclosure Agreement.

“MSRB” shall mean the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934, as amended, or any other Person designated or authorized by the SEC to receive reports pursuant to the Rule. Until otherwise designated by the MSRB or the SEC, filings with the MSRB are to be made through the EMMA website of the MSRB, currently located at <http://emma.msrb.org>.

“Participating Underwriter” shall mean any of the original underwriters of the Bonds required to comply with the Rule in connection with offering of the Bonds.

“Quarterly Report” shall mean any quarterly report provided by the Medical Center to the MSRB on the last Business Day of each month immediately following the end of each calendar year quarter pursuant to, and as described in, Sections 3 and 4 of this Disclosure Agreement.

“Repository” shall mean, until otherwise designated by the SEC, EMMA.

“Rule” shall mean Rule 15c2-12 adopted by the SEC under the Securities Exchange Act of 1934, as amended from time to time.

“SEC” shall mean the Securities and Exchange Commission.

“State” shall mean the State of California.

SECTION 3. Provision of Annual Reports and Quarterly Reports.

(a) So long as the Bonds remain outstanding under the Trust Agreement, the Medical Center shall, or shall cause the Dissemination Agent to, not later than 180 days after the end of the Medical Center’s Fiscal Year, commencing with the Annual Report for the Fiscal Year ended June 30, 2018, provide to the MSRB, through EMMA, an Annual Report that is consistent with the requirements of Section 4 of this Disclosure Agreement. So long as the Bonds remain outstanding under the Trust Agreement, the Medical Center shall, or shall cause the Dissemination Agent to provide each Quarterly Report to the MSRB, through EMMA. The Annual Report and each Quarterly Report must be submitted in electronic format, accompanied by such identifying information as provided by the MSRB.

The Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 4 of this Disclosure Agreement; provided, that the audited financial statements of the Medical Center may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. If the Fiscal Year changes for the Medical Center, the Medical Center shall give notice of such change in the manner provided under Section 5(e) hereof.

(b) Not later than fifteen (15) Business Days prior to the date specified in subsection (a) for providing the Annual Report or a Quarterly Report to the MSRB, through EMMA, the Authorized Medical Center Representative shall provide the Annual Report or the Quarterly Report to the Dissemination Agent. If by such date, the Dissemination Agent has not received a copy of the Annual Report or the Quarterly Report, as applicable, the Dissemination Agent shall contact the Authorized Medical Center Representative to determine if the Medical Center is in compliance with the first sentence of subsection (a).

(c) If the Dissemination Agent is unable to verify that an Annual Report or any Quarterly Report has been provided to the MSRB, by the date required in herein, the Dissemination Agent shall send a notice to the MSRB in substantially the form attached as Exhibit A.

(d) The Dissemination Agent shall:

- (i) determine the electronic filing address of, and then-current procedures for submitting Annual Reports and Quarterly Reports to, the MSRB each year prior to the date for providing the Annual Report; and
- (ii) to the extent known to the Dissemination Agent file a report with the Medical Center certifying that the Annual Report and each Quarterly Report has been provided to the MSRB pursuant to this Disclosure Agreement, and stating the date it was provided.

SECTION 4. Content of Annual Reports and Quarterly Reports. The Medical Center's Annual Report shall contain or include by reference the following:

(a) The audited financial statements of the Medical Center for the prior Fiscal Year, prepared in accordance with GAAP. If the Medical Center's audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the Limited Offering Memorandum, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

(b) The tabular financial information and operating data contained in Appendix A-1 of the Limited Offering Memorandum under the following captions or tables presented on an annual basis, for the prior Fiscal Year:

- (i) the information under the heading "ACCREDITATIONS, LICENSES AND AFFILIATIONS" to the extent there have been any changes from the preceding Fiscal Year.

(ii) the table entitled “Licensed Beds” in the section entitled “HEALTHCARE SERVICES”;

(iii) the table entitled “Top Ten Admitting Physicians” in the section entitled “MEDICAL STAFF”;

(iv) the table entitled “Certain Operating and Financial Factors” under the subsection entitled “Summary of Financial Performance” in the section entitled “MANAGEMENT’S DISCUSSION OF OPERATIONS AND FINANCIAL PERFORMANCE”;

(v) the tables entitled “Operating Statistics,” “Patient Days,” “Patient Discharges,” “Average Length of Stay,” “Percentage of Occupancy,” “Statements of Revenues and Expenses,” and “Balance Sheet” in the section entitled “FINANCIAL INFORMATION” but not, for the avoidance of doubt, the textual summaries included adjacent to such tables;

(vi) the tables entitled “Long-Term Indebtedness” and “Capitalization” in the section entitled “LONG-TERM INDEBTEDNESS AND CAPITALIZATION” but not, for the avoidance of doubt, the textual summaries included adjacent to such table;

(vii) the table entitled “Historical and Pro Forma Debt Service Coverage” under the subsection entitled “Historical and Pro Forma Debt Service Coverage” in the section entitled “LONG-TERM INDEBTEDNESS AND CAPITALIZATION” but not, for the avoidance of doubt, the textual summaries included adjacent to such table or the data appearing in the Pro forma maximum annual debt service and Pro forma debt service coverage ratio line items appearing in such table;

(viii) the table entitled “Gross Patient Revenue by Payer Source” under the subsection entitled “Summary of Gross Patient Revenue by Payer Source” in the section entitled “THIRD PARTY REIMBURSEMENT AND SOURCES OF PAYMENT” but not, for the avoidance of doubt, the textual summaries included adjacent to such table;

(ix) the table entitled “Cash Position and Liquidity” in the section entitled “INVESTMENTS” but not, for the avoidance of doubt, the textual summaries included adjacent to such table; and

(x) the table provided under the subsection entitled “Changes in the Net Pension Liability” in the section entitled “RETIREMENT PLAN.”

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the Medical Center or public entities related thereto, which have been submitted to the MSRB or the Securities and Exchange Commission. If the document included by reference is a final official statement, it must be available from the MSRB. The Medical Center shall clearly identify each such other document so included by reference.

The each Quarterly Report of the Medical Center shall contain, or include by reference, an income statement and balance sheet for the Medical Center prepared by Medical Center staff, or at the sole option of the Medical Center a consultant selected by the Medical Center.

The contents, presentation and format of the Annual Reports and Quarterly Reports may be modified from time to time as determined in the judgment of the Medical Center to conform to changes in accounting or disclosure principles or practices and legal requirements followed by or applicable to the Medical Center or to reflect changes in the business, structure, operations, legal form of the Medical Center or any mergers, consolidations, acquisitions or dispositions made by or affecting the Medical Center; provided, that any such modifications shall comply with the requirements of the Rule.

SECTION 5. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 5, the Authorized Medical Center Representative shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds, in a timely manner not more than ten (10) Business Days after the occurrence of the event:

- (1) principal and interest payment delinquencies;
- (2) defeasances;
- (3) tender offers;
- (4) rating changes;
- (5) adverse tax opinions or the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB);
- (6) unscheduled draws on the debt service reserves reflecting financial difficulties;
- (7) unscheduled draws on credit enhancements reflecting financial difficulties;
- (8) substitution of credit or liquidity providers or their failure to perform; or
- (9) bankruptcy, insolvency, receivership or similar proceedings.

For these purposes, any event described in the immediately preceding paragraph (9) is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the Medical Center in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Medical Center, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Medical Center.

(b) Pursuant to the provisions of this Section 5, the Authorized Medical Center Representative shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds, if material, in a timely manner not more than ten (10) Business Days after the occurrence of the event:

(1) the consummation of a merger, consolidation, or acquisition involving the Medical Center or the sale of all or substantially all of the assets of the Medical Center, 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;

(2) appointment of a successor or additional Trustee or the change of the name of a Trustee;

(3) non-payment related defaults;

(4) modifications to the rights of Owners;

(5) notices of redemption;

(6) release, substitution or sale of property securing repayment of the Bonds;

(7) in addition to the adverse tax opinions or determinations of taxability described in Section 5(a)(5) above, any other notices or determinations with respect to the tax status of the Bonds, or other events affecting the tax status of the Bonds.

(c) Whenever the Medical Center obtains knowledge of the occurrence of a Listed Event, described in subsection (b) of this Section 5, the Medical Center shall as soon as possible determine if such event would be material under applicable federal securities law.

(d) If the Medical Center determines that knowledge of the occurrence of a Listed Event described in subsection (b) of this Section 5 would be material under applicable federal securities law, the Medical Center shall promptly notify the Dissemination Agent in writing and instruct the Dissemination Agent to report the occurrence to the MSRB in a timely manner not more than ten (10) Business Days after the event.

(e) If the Dissemination Agent has been instructed by the Authorized Medical Center Representative to report the occurrence of a Listed Event, the Dissemination Agent shall file a notice of such occurrence with the MSRB.

SECTION 6. Filings with the MSRB. All information, operating data, financial statements, notices and other documents provided to the MSRB in accordance with this Disclosure Agreement shall be provided in an electronic format prescribed by the MSRB and shall be accompanied by identifying information as prescribed by the MSRB.

SECTION 7. Termination of Reporting Obligation. The City's and the Medical Center's respective obligations under this Disclosure Agreement with respect to the Bonds shall terminate upon the legal defeasance, redemption or payment in full of all of the Bonds of such series of

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Bonds. If such termination occurs prior to the final maturity of the Bonds, the Authorized Medical Center Representative shall give notice of such termination in the same manner as for a Listed Event under Section 5(e).

SECTION 8. Dissemination Agent. The Authorized Medical Center Representative may, from time to time, appoint or engage another dissemination agent to assist the Dissemination Agent with the acknowledgement of the City in carrying out its obligations under this Disclosure Agreement, and may discharge any such dissemination agent(s), with or without appointing a successor to such additional dissemination agent(s). The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the Authorized Medical Center Representative pursuant to this Disclosure Agreement, except in the case of gross negligence or willful misconduct. If at any time there is not any other designated Dissemination Agent, the Authorized Medical Center Representative shall be the Dissemination Agent. The Dissemination Agent may resign by providing thirty days written notice to the City and the Medical Center. The Dissemination Agent shall have no duty to prepare any information report nor shall the Dissemination Agent be responsible for filing any report not provided to it by the Medical Center in a timely manner and in a form suitable for filing.

SECTION 9. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Agreement, the City and the Medical Center may amend this Disclosure Agreement, provided no amendment increasing or affecting the obligations or duties of the Dissemination Agent shall be effective without the consent of the Dissemination Agent, and any provision of this Disclosure Agreement may be amended or waived if such amendment or waiver is supported by an opinion of counsel expert in federal securities laws acceptable to the City and the Medical Center to the effect that such amendment or waiver would not, in and of itself, cause the undertakings herein to violate the Rule if such amendment or waiver had been effective on the date hereof but taking into account any subsequent change in or official interpretation of the Rule.

SECTION 10. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the City or the Medical Center from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any Annual Report, Quarterly Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Agreement. If the Medical Center chooses to include any information in any Annual Report, Quarterly Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Agreement, the City or the Medical Center shall have no obligation under this Agreement to update such information or include it in any future Annual Report or Quarterly Report or notice of occurrence of a Listed Event.

SECTION 11. Default. In the event of a failure of the City, the Medical Center or the Dissemination Agent to comply with any provision of this Disclosure Agreement, any Holder or Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking specific performance by court order, to cause the City, the Medical Center or the Dissemination Agent, as the case may be, to comply with its obligations under this Disclosure Agreement. A default under this Disclosure Agreement shall not be deemed an Event of Default under the Trust Agreement, and the sole remedy under this Disclosure Agreement in the event of any failure of the City, the Medical Center or the Dissemination Agent to comply with this Disclosure Agreement shall be an equitable action to compel performance.

SECTION 12. Duties, Immunities and Liabilities of the Dissemination Agent. Sections 8.01(a) and Sections 8.02 to 8.06 of the Trust Agreement are hereby incorporated *mutatis mutandis*; provided, however that each reference therein to the “Trustee” shall instead refer to the Dissemination Agent and each reference therein to “this Trust Agreement” shall instead refer to this Disclosure Agreement. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement, and the City agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which they may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys’ fees) of defending against any claim of liability, but excluding liabilities due to the respective parties’ gross negligence or willful misconduct. The Dissemination Agent shall be paid compensation by the Medical Center for its services provided hereunder in accordance with its schedule of fees as amended from time to time, in each case, approved in writing by the Medical Center, and all reasonable, documented out-of-pocket expenses, legal fees and advances made or incurred by the Dissemination Agent in the performance of its duties hereunder. The Dissemination Agent shall have no duty or obligation to review any information provided to them hereunder and shall not be deemed to be acting in any fiduciary capacity for the City, the Medical Center, the Holders, or any other party. The Dissemination Agent shall not have any liability to the Holders or any other party for any monetary damages or financial liability of any kind whatsoever related to or arising from this Agreement, in each case, unless such damages or liabilities arise as a result of the Dissemination Agent’s gross negligence or willful misconduct. The obligations of the City and the Medical Center under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

SECTION 13. Notices. All notices, consents and other communications required or permitted by this Disclosure Agreement shall be in writing and shall be sent as follows to the following address (or to such other address as a party may designate by notice to the other party), (a) by personal delivery, in which case notice shall be deemed to have been given on the date of delivery; (b) by Federal Express, DHL or other nationally-recognized overnight delivery service, in which case notice shall be deemed to have been given the first Business Day after deposit of such notice with such service; or (c) by electronic mail with a copy of such notice sent on the same date by the means set forth in the foregoing clause (b), in which case notice shall be deemed to have been given on the day of the electronic mail transmission as set forth in the body of such electronic mail transmission if sent on a Business Day (otherwise on the next Business Day).

To the City: City of El Centro
1275 Main Street
El Centro, California 92243
Attention: City Manager

To the Medical Center: El Centro Regional Medical Center
1415 Ross Avenue
El Centro, California 92243
Attention: Chief Financial Officer

with a copy (which shall not constitute notice under this Section 13) to:

Sheppard, Mullin, Richter & Hampton LLP
 12275 El Camino Real, Suite 200
 San Diego, CA 92130
 Attention: Elizabeth Balfour
 Email: ebalfour@sheppardmullin.com

To the Dissemination Agent:

Wulff Hansen & Co.
 100 Smith Ranch Road
 Suite 330
 San Rafael, CA 94903
 Attention: Roy Nelson
 Email: rnelson@wulffhansen.com

SECTION 14. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the City the Medical Center, the Dissemination Agent, the Participating Underwriters and Holders and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other Person.

SECTION 15. Counterparts. This Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

SECTION 16. Governing Law. This Disclosure Agreement shall be governed and construed in accordance with the law of the State of California.

IN WITNESS WHEREOF, the parties hereto have caused this Disclosure Agreement to be duly executed and delivered by their respective officers as of the date first above written.

CITY OF EL CENTRO

By _____
 City Manager

EL CENTRO REGIONAL MEDICAL CENTER

By _____
 Authorized Officer

WULFF HANSEN & CO.,
as Dissemination Agent

By _____
Authorized Officer

Attachment: Continuing Disclosure Agreement - El Centro Regional Medical Center 2018.._ (2673 : ECRMC Bond Refinancing)

EXHIBIT A**NOTICE TO REPOSITORIES OF FAILURE TO FILE ANNUAL REPORT
OR QUARTERLY REPORT**

\$ _____
El Centro Financing Authority
Hospital Revenue Refunding Bonds
(El Centro Regional Medical Center Project)
Series 2018

Date of Issuance: _____, 2018.

NOTICE IS HEREBY GIVEN that the Medical Center has not provided an [Annual Report or Quarterly Report] with respect to the above-named Bonds as required by the Continuing Disclosure Agreement, dated as of April 1, 2018, among the City, the Medical Center and the Dissemination Agent. [The Medical Center anticipates that the [Annual Report or Quarterly Report] will be filed by _____.]

Dated: _____, 20__

_____, on behalf of the Medical
Center and the City

Attachment: Continuing Disclosure Agreement - El Centro Regional Medical Center 2018.._ (2673 : ECRMC Bond Refinancing)

INSTALLMENT PURCHASE AGREEMENT

among

CITY OF EL CENTRO,

as Purchaser

and

EL CENTRO REGIONAL MEDICAL CENTER,
a Separate Agency and Enterprise of the City

and

EL CENTRO FINANCING AUTHORITY,

as Seller

for the

El Centro Regional Medical Center Project

Dated as of April 1, 2018

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INSTALLMENT PURCHASE AGREEMENT

This **INSTALLMENT PURCHASE AGREEMENT**, dated as of April 1, 2018 (this “Installment Purchase Agreement”), is made among the **CITY OF EL CENTRO**, a charter city duly organized and existing under and by virtue of the laws of the State of California (the “City”), **EL CENTRO REGIONAL MEDICAL CENTER**, a municipal hospital, separate agency and enterprise operation of the City duly organized and existing under and by virtue of the laws of the State of California (the “Medical Center”), and the **EL CENTRO FINANCING AUTHORITY**, a public entity duly organized and existing as a joint exercise of powers authority under and by virtue of the laws of the State of California (the “Authority”);

W I T N E S S E T H:

WHEREAS, in 2015, the Authority issued its \$25,000,000 Hospital Revenue Refunding Bonds (El Centro Regional Medical Center Project) Series 2015A and \$25,000,000 Hospital Revenue Refunding Bonds (El Centro Regional Medical Center Project) Series 2015B (together, the “Series 2015 Bonds”);

WHEREAS, to refund the Series 2015 Bonds and to assist the Medical Center in financing the costs of certain additions, betterments, extensions and improvements more fully described in Exhibit B to this Installment Purchase Agreement (such improvements being hereinafter referred to as the “Series 2018 Medical Center Projects”), the Authority intends to issue its Hospital Revenue Refunding Bonds (El Centro Regional Medical Center Project), Series 2018 (the “Series 2018 Bonds”), pursuant to the terms of a Trust Agreement, dated as of April 1, 2018 (the “Trust Agreement”), between the Authority and MUFG Union Bank, N.A., as trustee (the “Trustee”);

WHEREAS, KeyBank Capital Markets (the “Underwriter”) intends to purchase the Series 2018 Bonds pursuant to a purchase contract, dated as of the date hereof (the “Purchase Contract”), among the Authority, the Medical Center, the City and the Underwriter, for resale of the Series 2018 Bonds to an investor pursuant to a limited public offering, as described in the Limited Offering Memorandum related to the Series 2018 Bonds (the “Limited Offering Memorandum”);

WHEREAS, pursuant to the terms of this Installment Purchase Agreement, the City has agreed to purchase the Series 2018 Medical Center Projects from the Authority and the Authority has agreed to sell the Series 2018 Medical Center Projects to the City;

WHEREAS, to pay the purchase price due hereunder (the “Series 2018 Purchase Price”), the City (as “Purchaser”), on behalf of the Medical Center, but only from the Gross Revenues of the Medical Center, has determined to make installment purchase payments (the “Series 2018 Installment Purchase Payments”) to the Authority; and

WHEREAS, all acts, conditions and things required by law to exist, to have happened and to have been performed precedent to and in connection with the execution and delivery of this Installment Purchase Agreement do exist, have happened and have been performed in regular and due time, form and manner as required by law, and the parties hereto are now duly authorized to execute and enter into this Installment Purchase Agreement;

NOW, THEREFORE, IN CONSIDERATION OF THE PREMISES AND OF THE MUTUAL AGREEMENTS AND COVENANTS CONTAINED HEREIN AND FOR OTHER VALUABLE CONSIDERATION, THE RECEIPT AND SUFFICIENCY OF WHICH IS HEREBY ACKNOWLEDGED, THE PARTIES HERETO DO AGREE AS FOLLOWS:

ARTICLE I

DEFINITIONS; INTERPRETATIONS; CONTENTS OF CERTIFICATES AND OPINIONS

SECTION 1.01. Definitions. Unless otherwise defined in this Installment Purchase Agreement, all capitalized terms used herein shall have the meanings assigned to such terms in the Trust Agreement, as originally executed or as it may from time to time be supplemented, modified or amended as provided therein.

SECTION 1.02. Interpretations.

(a) Unless the context otherwise indicates, words expressed in the singular shall include the plural and vice versa and the use of the neuter, masculine, or feminine gender is for convenience only and shall be deemed to mean and include the neuter, masculine or feminine gender, as appropriate.

(b) Headings of articles and sections herein and the table of contents hereof are solely for convenience of reference, do not constitute a part hereof and shall not affect the meaning, construction or effect hereof.

SECTION 1.03. Content of Certificates and Opinions. Every certificate or opinion provided for in this Installment Purchase Agreement with respect to compliance with any provision hereof shall include: (1) a statement that the individual making or giving such certificate or opinion has read such provision and the definitions herein relating thereto; (2) a brief statement as to the nature and scope of the examination or investigation upon which the certificate or opinion is based; (3) a statement that, in the opinion of such individual, he has made or caused to be made such examination or investigation as is necessary to enable him to express an informed opinion with respect to the subject matter referred to in the certificate or opinion to which his signature is affixed; and (4) a statement as to whether, in the opinion of such individual, such provision has been complied with.

Any such certificate or opinion made or given by an Authorized Authority Representative, an Authorized City Representative or an Authorized Medical Center Representative may be based, insofar as it relates to legal, accounting or health care matters, upon a certificate or opinion of or representation by counsel, an Independent Certified Public Accountant, an internal senior accounting officer, or a Management Consultant, unless such Authorized Representative knows, or in the exercise of reasonable care should have known, that the certificate, opinion or representation with respect to the matters upon which such certificate or opinion may be based, as aforesaid, is erroneous. Any such certificate or opinion made or given by counsel, an Independent Certified Public Accountant, an internal senior accounting officer, or a Management Consultant may be based, insofar as it relates to factual matters (with respect to which information is in the possession of the Authority, the City or the Medical Center) upon a certificate or opinion of or representation by an officer of the Authority, the City or the Medical Center, unless such counsel, Independent Certified Public Accountant, an internal senior accounting officer, or Management Consultant knows, or in the exercise of reasonable care should have known, that the certificate or opinion or representation with respect to the matters upon which such individual's certificate or opinion or representation may be based, as aforesaid, is erroneous. The same Authorized Authority Representative, the same Authorized City Representative, the same Authorized Medical Center Representative or the same counsel or Independent Certified Accountant or Management Consultant, as the case may be, need not certify to all of the matters required to be certified under any provision of this Installment Purchase Agreement, but different Authorized Representatives, counsel, Independent Certified Public Accountant, an internal senior accounting officer, or Management Consultants may certify to different matters, respectively.

ARTICLE II

REPRESENTATIONS AND WARRANTIES OF THE AUTHORITY, THE CITY AND THE MEDICAL CENTER

SECTION 2.01. Representations of the Authority. The Authority makes the following representations:

(a) The Authority is a joint exercise of powers authority duly organized and existing under the laws of the State.

(b) The Authority has full legal right, power and authority to enter into this Installment Purchase Agreement and the Trust Agreement, and to carry out its obligations hereunder and to carry out and consummate all other transactions contemplated by this Installment Purchase Agreement and the Trust Agreement, and the Authority has complied with the provisions of the Act in all matters relating to such transactions.

(c) By proper action, the Authority has duly authorized the execution, delivery and due performance of this Installment Purchase Agreement and the Trust Agreement.

SECTION 2.02. Representations and Warranties of the City. The City makes the following representations and warranties to the Authority as of the date of the execution of this Installment Purchase Agreement and as of the date of delivery of each Series of Bonds to the initial purchaser(s) thereof (such representations and warranties to remain operative and in full force and effect regardless of delivery of the Bonds or any investigations by or on behalf of the Authority or the results thereof):

(a) The City is a charter city duly organized and existing under and by virtue of the laws of the State, has full legal right, power and authority to enter into this Installment Purchase Agreement and to carry out and consummate all transactions contemplated by this Installment Purchase Agreement, and by proper official action has duly authorized the execution and delivery of this Installment Purchase Agreement.

(b) The officers of the City executing this Installment Purchase Agreement are duly and properly in office and fully authorized to execute the same.

(c) This Installment Purchase Agreement has been duly authorized, executed and delivered by the City, and (i) this Installment Purchase Agreement, when assigned to the Trustee pursuant to the Trust Agreement, will constitute the legal, valid and binding agreement of the City with the Trustee, enforceable against the City in accordance with its terms for the benefit of the Owners, and (ii) any rights of the Authority and obligations of the City hereunder not so assigned to the Trustee constitute the legal, valid, and binding agreement of the City with the Authority, enforceable against the City in accordance with its terms; except as enforcement of the above-named documents in clauses (i) and (ii) 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.

(d) The execution and delivery of this Installment Purchase Agreement, the consummation of the transactions herein contemplated and the fulfillment of or compliance with the terms and conditions hereof, will not conflict with or constitute a violation or breach of or default (with due notice or the passage of time or both) under the Medical Center Act, the Medical Center Ordinance, any other

applicable law, administrative rule or regulation, or any applicable court or administrative decree or order, or any indenture, mortgage, deed of trust, note, loan agreement, lease, contract or other agreement or instrument to which the City is a party or by which it or its properties are otherwise subject or bound, or result in the creation or imposition of any prohibited lien, charge or encumbrance of any nature whatsoever upon any of the property or assets of the City, which conflict, violation, breach, default, lien, charge or encumbrance might have consequences that would materially and adversely affect the consummation of the transactions contemplated by this Installment Purchase Agreement, or the financial condition, assets, properties, or operations of the Medical Center.

(e) No consent or approval of any trustee or holder of any indebtedness of the City, and no consent, permission, authorization, order or license of, or filing or registration with, any governmental authority is necessary in connection with the execution and delivery of this Installment Purchase Agreement or the consummation of any transaction herein contemplated, except as have been obtained or made and as are in full force and effect.

(f) The Series 2018 Medical Center Projects constitute “public capital improvements” as such term is defined in the Act.

(g) There is no action, suit, proceeding, inquiry or investigation, before or by any court or federal, state, municipal or other governmental authority, pending or, to the knowledge of the City, after reasonable inquiry and investigation, threatened against or affecting the City or the assets, properties or operations of the City which, if determined adversely to the City or its interests, could have a material and adverse effect upon the consummation of the transactions contemplated by or the validity of this Installment Purchase Agreement, and the City is not in default (and no event has occurred and is continuing which, with the giving of notice or the passage of time or both, could constitute a default) with respect to any order or decree of any court or any order, regulation or demand of any federal, state, municipal or other governmental authority, which default might have consequences that would reasonably be expected to materially and adversely affect the consummation of the transactions contemplated by this Installment Purchase Agreement, or the financial condition, assets, properties or operations of the Medical Center or its properties. All tax returns (federal, state and local) required to be filed by or on behalf of the City with respect to the Medical Center have been filed, and all taxes shown thereon to be due and payable, if any, including interest and penalties, except such, if any, as are being actively contested in good faith, have been paid or adequate reserves have been made for the payment thereof, which reserves, if any, are reflected in the financial statements described in Section 5.06. The City enjoys the peaceful and undisturbed possession of all the premises upon which the Medical Center is operating as a health facility.

(h) The City has good and marketable title to the Facilities free and clear from all material encumbrances other than Permitted Encumbrances.

SECTION 2.03. Representations and Warranties of the Medical Center. The Medical Center makes the following representations and warranties to the Authority as of the date of the execution of this Installment Purchase Agreement and as of the date of delivery of each Series of Bonds to the initial purchaser(s) thereof (such representations and warranties to remain operative and in full force and effect regardless of delivery of the Bonds or any investigations by or on behalf of the Authority or the results thereof):

(a) The Medical Center is a municipal hospital, separate agency and enterprise operation of the City duly organized and existing under and by virtue of the laws of the State, and with the consent of the City Council of the City, which consent has been obtained and is in full force and effect, has full legal right, power and authority to enter into this Installment Purchase Agreement and to carry out and

consummate all transactions contemplated by this Installment Purchase Agreement and by proper official action has duly authorized the execution and delivery of this Installment Purchase Agreement.

(b) The officers of the Medical Center executing this Installment Purchase Agreement are duly and properly in office and fully authorized to execute the same.

(c) This Installment Purchase Agreement has been duly authorized, executed and delivered by the Medical Center, and (i) this Installment Purchase Agreement, when assigned to the Trustee pursuant to the Trust Agreement, will constitute the legal, valid and binding agreement of the Medical Center with the Trustee enforceable against the Medical Center in accordance with its terms for the benefit of the Owners, and (ii) any rights of the Authority and obligations of the Medical Center hereunder not so assigned to the Trustee constitute the legal, valid, and binding agreement of the Medical Center with the Authority enforceable against the Medical Center in accordance with its terms; except as enforcement of each of the above documents in clauses (i) and (ii) 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.

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

(e) No consent or approval of any trustee or holder of any indebtedness of the Medical Center, and no consent, permission, authorization, order or license of, or filing or registration with, any governmental authority is necessary in connection with the execution and delivery of this Installment Purchase Agreement or the consummation of any transaction herein or therein contemplated, except as have been obtained or made and as are in full force and effect.

(f) There is no action, suit, proceeding, inquiry or investigation, before or by any court or federal, state, municipal or other governmental authority, pending or, to the knowledge of the Medical Center, after reasonable inquiry and investigation, threatened against or affecting the Medical Center or the assets, properties or operations of the Medical Center which is reasonably likely to be determined adversely to the Medical Center or its interests and, if determined adversely to the Medical Center or its interests, would reasonably be expected to have a material and adverse effect upon the consummation of the transactions contemplated by or the validity of this Installment Purchase Agreement or upon the financial condition, assets, properties or operations of the Medical Center, and the Medical Center is not in default (and no event has occurred and is continuing which, with the giving of notice or the passage of time or both, could constitute a default) with respect to any order or decree of any court or any order, regulation or demand of any federal, state, municipal or other governmental authority, which default might have consequences that would reasonably be expected to materially and adversely affect the consummation of the transactions contemplated by this Installment Purchase Agreement or the financial condition, assets, properties or operations of the Medical Center or its properties. All tax returns (federal, state and local)

required to be filed by the Medical Center, if any, have been filed, and all taxes shown thereon, if any, to be due and payable, including interest and penalties, except such, if any, as are being actively contested in good faith, have been paid or adequate reserves have been made for the payment thereof, which reserves, if any, are reflected in the financial statements described in Section 5.06. The Medical Center enjoys the peaceful and undisturbed possession of all the premises on which the Medical Center is operating as a health facility, including the Facilities.

(g) The audited balance sheet of the Medical Center for the year ended June 30, 2017 and the related statement of income and change in fund balance have been furnished to the Authority, fairly state the financial position of the Medical Center at June 30, 2017, and the results of operations for the fiscal year ended on such date, with such exceptions as may be disclosed in the Independent Certified Public Accountants or internal senior accounting officer's certificate accompanying such financial statements, and since June 30, 2017, there has been no material adverse change in the financial condition or results of operation of the Medical Center.

(h) No written information, exhibit or certificate furnished to the Authority by the Medical Center pursuant to this Installment Purchase Agreement contains any untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

(i) The Medical Center does not restrict admissions of patients to the Facilities on racial or religious grounds.

(j) The Medical Center further represents, except as disclosed in writing to the Authority or as disclosed in the Limited Offering Memorandum, as follows:

(i) there have been no notices, directives, violations, reports or actions by any local, state or federal department or agency concerning environmental laws or regulations applicable to the Facilities, and the Medical Center is in compliance with all applicable state and federal environmental laws in all respects material to its ability to perform its obligations under this Installment Purchase Agreement;

(ii) the business and operations of the Medical Center have at all times been conducted in compliance with all applicable federal, state, local or foreign laws, ordinances, regulations, orders and other requirements of governmental authorities concerning matters relating to the environment in all respects material to the ability of the Medical Center to perform its obligations under this Installment Purchase Agreement;

(iii) there has been no spill, discharge, release, cleanup, contamination of or by any Hazardous Material or toxic waste or substances used, generated, treated, stored, disposed or handled by the Medical Center at the Facilities or the Series 2018 Medical Center Projects which spill, discharge, release, cleanup or contamination is material to the ability of the Medical Center to perform its obligations under this Installment Purchase Agreement;

(iv) there are not now, nor have there ever been any underground storage tanks located at, on, or under the Facilities or the Series 2018 Medical Center Projects; and

(v) except for such Hazardous Materials or toxic substances or wastes as occur, are produced, used or handled, and are disposed of in the ordinary course of business of the Medical Center, to the knowledge of the Medical Center, no Hazardous Materials or toxic

substances or wastes are located at, or have been removed from the Facilities or the Series 2018 Medical Center Projects.

ARTICLE III

SERIES 2018 MEDICAL CENTER PROJECTS; PURCHASE PRICE; APPROVAL OF TRUST AGREEMENT; INVESTMENT OF MONEYS

SECTION 3.01. Design, Acquisition, Construction and Sale of the Series 2018 Medical Center Projects. The Authority hereby agrees to design, acquire and construct the Series 2018 Medical Center Projects for, and to sell the Series 2018 Medical Center Projects to, the Purchaser. To implement this provision, the Authority hereby appoints the Medical Center as its agent for the purpose of such design, acquisition and construction, and the Medical Center hereby agrees to enter into such design, architectural and construction contracts and purchase orders as may be necessary, as agent for the Authority, to provide for the complete design, acquisition and construction of the Series 2018 Medical Center Projects. The Medical Center hereby agrees that as such agent it will cause the Series 2018 Medical Center Projects to be diligently completed after the deposit of funds in the Series 2018 Project Account of the Project Fund for such purpose pursuant to Section 3.02 of the Trust Agreement.

In consideration of the Series 2018 Purchase Price set forth in Section 3.02 hereof the Authority hereby agrees to sell, and hereby sells, the Series 2018 Medical Center Projects to the Purchaser. The Purchaser hereby agrees to purchase, and hereby purchases, the Series 2018 Medical Center Projects from the Authority. Notwithstanding the foregoing, it is hereby expressly understood and agreed that the Authority shall be under no liability of any kind or character whatsoever for the payment of any costs or expenses incurred by the Purchaser (whether as agent for the Authority or otherwise) for the acquisition and construction of the Series 2018 Medical Center Projects and that all such costs and expenses shall be paid by the Purchaser, regardless of whether the funds deposited in the Series 2018 Project Account of the Project Fund are sufficient to cover all such costs.

SECTION 3.02. Purchase Price.

(a) The Series 2018 Purchase Price to be paid by the Medical Center, acting on behalf of the Purchaser, to the Authority is the sum of the principal amount of the Purchaser's obligation hereunder in connection with the financing of the Series 2018 Medical Center Projects and the refunding of the Series 2015 Bonds, plus the interest to accrue on the unpaid balance of such principal amount from the date hereof over the term hereof, in accordance with the installment purchase payment schedule set forth in Exhibit A hereto, subject to prepayment as provided in Section 4.05, plus such other amount as shall be necessary to produce an amount sufficient for the payment in full of all obligations to the Owners from time to time Outstanding under the Trust Agreement, including total interest due on the Series 2018 Bonds, total principal due on the Series 2018 Bonds, including principal due in connection with redemption of Series 2018 Bonds, and the redemption premium, if any, that shall be payable in connection with any redemption of Series 2018 Bonds pursuant to Section 4.01(b) of the Trust Agreement, less the amount of other funds available for such payment as provided in the Trust Agreement. The Medical Center, acting on behalf of the Purchaser, agrees to pay the Series 2018 Purchase Price by paying the Series 2018 Installment Purchase Payments as provided in Section 4.01 hereof.

(b) The principal amount of the Series 2018 Purchase Price is \$_____.

(c) The interest to accrue on the unpaid balance of such principal amount shall be paid by the Medical Center, acting on behalf of the Purchaser as and shall constitute interest paid on the principal amount of the Series 2018 Purchase Price obligation hereunder.

(d) The Medical Center, acting on behalf of the Purchaser, shall pay the Authority the Purchase Price for any Additional Medical Center Project in accordance with the terms and provisions of the Supplemental Installment Purchase Agreement executed and delivered in connection with the acquisition of such Additional Medical Center Project.

SECTION 3.03. Title to the Series 2018 Medical Center Projects. Upon acquisition or construction of each portion of the Series 2018 Medical Center Projects designated as such by the Purchaser as agent for the Authority, all right, title and interest therein shall automatically vest in the City, which automatic vesting shall occur without further action by the Authority, and the Authority shall, if requested by the Purchaser or if necessary to assure such automatic vesting of such right, title or interest, execute and deliver any and all documents required to assure such vesting.

SECTION 3.04. Medical Center Ingress and Egress by Authority. The Authority shall have the right of ingress and egress to and from all such land and easements of Purchaser for the purpose of fulfilling its obligations with respect to the Series 2018 Medical Center Projects without the necessity of any party hereto executing further documentation relevant or appertaining thereto.

SECTION 3.05. Approval of Trust Agreement. The City and the Medical Center hereby approve the Trust Agreement, including the assignment under the Trust Agreement to the Trustee of the right, title and interest of the Authority (except for the right to receive any Administrative Fees and Expenses to the extent payable to the Authority, the right to receive any amounts paid by the Medical Center, acting on behalf of the Purchaser, pursuant to Sections 6.02 and 7.04 hereof, and the right to receive the Certificate of the Medical Center required by Section 5.09 hereof) in this Installment Purchase Agreement. The City and the Medical Center shall have the rights granted to the City and Medical Center under the Trust Agreement, including, without limitation, the right to request that the Authority issue additional Series of Bonds under Section 3.05 of the Trust Agreement, and the right to redeem the Series 2018 Bonds pursuant to Article IV of the Trust Agreement.

SECTION 3.06. Investment of Moneys. Upon written direction of the Medical Center, any moneys in any fund or account held by the Trustee under the Trust Agreement shall be invested or reinvested by the Trustee in Investment Securities as provided in the Trust Agreement, and the City and the Medical Center hereby approve such provisions of the Trust Agreement.

ARTICLE IV

PAYMENT PROVISIONS

SECTION 4.01. Payment of Series 2018 Installment Purchase Payments.

(a) The Medical Center, acting on behalf of the Purchaser, shall, subject to prepayment as provided in Section 4.06, pay the Authority the Series 2018 Purchase Price, without offset or deduction of any kind. On the first Business Day of each month, prior to paying any Operating Expenses in such month, the Medical Center, acting on behalf of the Purchaser, shall, subject to prepayment as provided in Section 4.06 and the provisions of subsection (c) of this Section 4.01 pay to the Trustee, as assignee of the Authority, a Series 2018 Installment Purchase Payment in the amount set forth for such month in Exhibit A; provided, however, that during any period in which an Event of Default or Determination of Taxability has occurred and is continuing, the amount of such Series 2018 Installment Purchase Payments set forth in Exhibit A shall be increased to reflect the increased amount of debt service payable on the Series 2018 Bonds resulting from the increase in the interest rate thereon required pursuant to Section 2.02 of the Trust Agreement upon such Event of Default or Determination of Taxability. Notwithstanding the foregoing, if five (5) Business Days prior to any interest or principal payment date on the Series 2018 Bonds, the

aggregate amount in the Revenue Fund (other than the Bond Reserve Account) is for any reason insufficient or unavailable to make required payments of principal (or Redemption Price) of or interest on the Series 2018 Bonds then becoming due (whether by maturity, redemption or acceleration), the Medical Center, acting on behalf of the Purchaser, shall forthwith pay the amount of any such deficiency to the Trustee. Each payment made hereunder by the Medical Center, acting on behalf of the Purchaser, shall be made in lawful money of the United States of America, shall be made to the Trustee at its Principal Corporate Trust Office and shall be held, invested, disbursed and applied as provided in the Trust Agreement.

(b) The Medical Center, acting on behalf of the Purchaser shall pay the Authority the Purchase Price for any Additional Medical Center Project, without offset or deduction of any kind, by paying the Installment Purchase Payments due in connection with the acquisition of such Additional Medical Center Project in accordance with the terms and provisions of the Supplemental Installment Purchase Agreement executed and delivered in connection with the acquisition of such Additional Medical Center Project.

(c) The Medical Center, acting on behalf of the Purchaser shall pay the Installment Purchase Payments required hereunder directly to the Trustee, as assignee of the Authority, for deposit in the Revenue Fund held by the Trustee. The Installment Purchase Payments, in the aggregate, shall be in an amount sufficient for the payment in full of all obligations to the Owners from time to time Outstanding under the Trust Agreement, including total interest due on the Bonds, total principal due on the Bonds, including principal due in connection with acceleration or redemption of Bonds, and the redemption premium, if any, that shall be payable in connection with any redemption of Bonds pursuant to Section 4.01(b) and Section 4.01(c) of the Trust Agreement.

(d) The obligation of the Purchaser to pay the Series 2018 Purchase Price due in connection with the Series 2018 Medical Center Projects by paying the Series 2018 Installment Purchase Payments and the Purchase Price due in connection with any Additional Medical Center Project by paying the Installment Purchase Payments due in connection with the acquisition of such Additional Medical Center Project is, subject to Section 7.02, absolute and unconditional, and until such time as the Series 2018 Installment Purchase Payments and such other Installment Purchase Payments shall have been paid in full (or provision for the payment thereof shall have been made pursuant to Section 9.01), the Purchaser shall not discontinue or suspend any Installment Purchase Payments, including, without limitation, the Series 2018 Installment Purchase Payments, required to be paid by it under this Section when due, whether or not the Series 2018 Medical Center Projects or any Additional Medical Center Project is completed, the Facilities or any part thereof is operating or operable, or the use of the Facilities is suspended, interfered with, reduced, curtailed or terminated in whole or in part, and such payments shall not be subject to reduction whether by offset or otherwise and shall not be conditional upon the performance or nonperformance by any party to any agreement for any cause whatsoever.

(e) Except as otherwise expressly provided herein, all amounts payable hereunder by the Medical Center, acting on behalf of the Purchaser, to the Authority shall be paid to the Trustee as assignee of the Authority and this Installment Purchase Agreement and all right, title and interest of the Authority in any such payments are hereby assigned and pledged to the Trustee so long as any Bond shall remain Outstanding.

SECTION 4.02. Supplemental Payments. In addition to the Installment Purchase Payments provided for in Section 4.01, the Medical Center, acting on behalf of the Purchaser, shall also pay to the Authority or the Trustee, as applicable, "Supplemental Payments," as follows:

(a) All taxes and assessments of any type or character charged to the Authority or to the Trustee affecting the amount available to the Authority or the Trustee from payments to be received

hereunder or in any way arising due to the transactions contemplated hereby (including taxes and assessments assessed or levied by any public agency or governmental authority of whatsoever character having power to levy taxes or assessments) but excluding franchise taxes based upon the capital and/or income of the Trustee and taxes based upon or measured by the net income of the Trustee; provided, however, that (i) the Medical Center, acting on behalf of the Purchaser, shall have the right to protest and contest any such taxes or assessments and to require the Authority or the Trustee, at the Medical Center's expense, to protest and contest any such taxes or assessments levied upon the Authority or the Trustee; and (ii) that the Medical Center, acting on behalf of the Purchaser, shall have the right to withhold payment of any such taxes or assessments pending disposition of any such protest or contest, unless such withholding, protest or contest would adversely affect the rights or interests of the Owners, the Authority or the Trustee;

(b) All reasonable fees, charges and expenses of the Trustee for services rendered under the Trust Agreement, as and when the same become due and payable, in accordance with Section 8.06 of the Trust Agreement;

(c) The reasonable fees and expenses of such accountants, consultants, attorneys and other experts as may be engaged by the Authority or the Trustee to prepare audits, financial statements, reports or opinions or to provide such other services required under this Installment Purchase Agreement or the Trust Agreement;

(d) The reasonable fees and expenses of the Authority in connection with this Installment Purchase Agreement, the Bonds or the Trust Agreement, including, without limitation, any and all expenses incurred in connection with the authorization, issuance, sale and delivery of any Series of Bonds or in connection with any litigation which may at any time be instituted involving this Installment Purchase Agreement, the Bonds or the Trust Agreement or any of the other documents contemplated hereby or thereby or in connection with the supervision or inspection of the Medical Center, its properties, assets or operations or otherwise in connection with the administration of this Installment Purchase Agreement, the Bonds or the Trust Agreement;

(e) Any fees and other costs required to be incurred by the Authority and/or the Trustee to comply with the provisions of Section 6.07 of the Trust Agreement, including but not limited to any expenses related to computations to determine if moneys are required to be rebated to the United States and any amount required to be rebated to the United States pursuant to Section 6.07 of the Trust Agreement, any such payment to be made immediately upon written demand therefor; and

(f) All other reasonable and necessary fees and expenses of the Authority attributable to this Installment Purchase Agreement.

Such Supplemental Payments shall be billed to the Authorized Medical Center Representative by the Authority or the Trustee from time to time. After such a demand, amounts so billed shall be paid by the Medical Center within thirty (30) days after receipt of such bill by the Medical Center. The provisions of this Section 4.02 shall survive the termination of this Installment Purchase Agreement.

SECTION 4.03. Gross Revenues; Gross Revenue Fund; Limited Obligation.

(a) The Medical Center hereby covenants and agrees that so long as any Installment Purchase Payments or Supplemental Payments remain unpaid, all of the Gross Revenues of the Medical Center shall be deposited, held and maintained in a fund (the "Gross Revenue Fund"), established at a trust company, banking corporation, national banking association or bank having trust powers (the "Depository Bank"), as the Medical Center shall designate to the Trustee as the Gross Revenue Fund, no later than June 30, 2018. The Gross Revenue Fund shall be held and administered in accordance herewith and a Deposit

Account Control Agreement, to be executed and delivered by the Medical Center, the Depository Bank and the Trustee no later than June 30, 2018. Subject only to the provisions of this Installment Purchase Agreement permitting the application thereof for the purposes and on the terms and conditions set forth herein, the Medical Center hereby pledges, which pledge shall constitute a first lien on and security interest in all of the Gross Revenues and amounts in the Gross Revenue Fund to secure the payment of the Installment Purchase Payments and the Supplemental Payments and the performance by the Medical Center of its other obligations under this Installment Purchase Agreement and any payment with respect to any Parity Debt. Such pledge shall be effective, binding and enforceable against the Medical Center, each of its successors, assigns, purchasers and all other creditors asserting rights in the Gross Revenues to the extent permitted by law. **The obligation of the Medical Center to make the Installment Purchase Payments and any other payments required hereunder is a special limited obligation payable solely from the Gross Revenues of the Medical Center, and does not constitute a debt of the Purchaser. Neither the faith and credit nor the taxing power of the Purchaser or the State or any political subdivision thereof is pledged to the payment of the any Installment Purchase Payments or Supplemental Payments.**

(b) Notwithstanding the foregoing, the Medical Center, acting on behalf of the Purchaser, may pledge or grant security interests in accounts receivable of the Medical Center, which interests may be superior to the interest granted the Trustee in subsection (a) above to secure Subordinated Indebtedness described in Section 5.05(d) hereof.

SECTION 4.04. Obligations of the Purchaser Unconditional; Net Contract. The obligations of the Purchaser to make the Installment Purchase Payments and Supplemental Payments required hereunder and to perform and observe the other agreements on its part contained herein shall be absolute and unconditional, and shall not be abated, rebated, setoff, reduced, abrogated, terminated, waived, diminished, postponed or otherwise modified in any manner or to any extent whatsoever, while any Bonds remain Outstanding or any Supplemental Payments remain unpaid, regardless of any contingency, act of God, event or cause whatsoever, including, without limiting the generality of the foregoing, any acts or circumstances that may constitute failure of consideration, eviction or constructive eviction, the taking by eminent domain or destruction of or damage to the Facilities, commercial frustration of purpose, any changes in the laws of the United States of America or of the State or any political subdivision of either or in the rules or regulations of any governmental authority, or any failure of the Authority or the Trustee to perform and observe any agreement, whether express or implied, or any duty, liability or obligation arising out of or connected with this Installment Purchase Agreement or the Trust Agreement. This Installment Purchase Agreement shall be deemed and constructed to be a “net contract,” and the Medical Center, acting on behalf of the Purchaser, shall pay absolutely net the Installment Purchase Payments, Supplemental Payments and all other payments required hereunder, regardless of any rights of setoff, recoupment, abatement or counterclaim that the Purchaser might otherwise have against the Authority or the Trustee or any other party or parties.

SECTION 4.05. Prepayment of 2018 Installment Purchase Payments.

(a) The Purchaser shall pay unpaid Series 2018 Installment Purchase Payments as, when and in the manner that the Series 2018 Bonds are subject to mandatory redemption pursuant to Section 4.01(a), (c) or (d) of the Trust Agreement at a prepayment price equal to the applicable Redemption Price for the Series 2018 Bonds set forth in the Trust Agreement.

(b) The Purchaser may pay unpaid Series 2018 Installment Purchase Payments as, when and in the manner that the Series 2018 Bonds are subject to optional redemption pursuant to Section 4.01(b) of the Trust Agreement at a prepayment price equal to the applicable Redemption Price for the Series 2018 Bonds set forth in the Trust Agreement.

(c) The Purchaser may prepay from any source of available funds the Installment Purchase Payments due in connection with any Additional Medical Center Project in accordance with the terms and provisions of the Supplemental Installment Purchase Agreement executed and delivered in connection with the acquisition of such Additional Medical Center Project.

(d) All such prepayments (including the additional amount necessary to pay the applicable premium, if any, payable upon redemption of the Series 2018 Bonds being redeemed) shall be deposited upon receipt by the Trustee in the Redemption Fund established pursuant to Section 5.01 of the Trust Agreement and used for the redemption or purchase of Outstanding Series 2018 Bonds in the manner and subject to the terms and conditions set forth in the Trust Agreement. Notice of such prepayment shall be in accordance with the terms of the Trust Agreement.

ARTICLE V

PARTICULAR COVENANTS

SECTION 5.01. Maintenance of Existence; Affiliation, Merger, Consolidation, Sale or Transfer Under Certain Conditions.

(a) The City shall maintain its existence as a charter city duly organized and existing under and by virtue of the laws of the State and the Medical Center shall maintain its existence as a municipal hospital, separate agency and enterprise operation of the City duly organized and existing under and by virtue of the laws of the State and the City. Subject to the other provisions contained in this Section 5.01, the City and the Medical Center covenant and agree that the City and the Medical Center shall not dissolve, sell or otherwise dispose of all or substantially all of the assets of the Medical Center, nor consolidate the operations of the Medical Center with or merge the operations of the Medical Center into another Person, nor grant a right to or permit any Person other than the City and its officers to appoint or designate a majority of the members of the Board of Trustees of the Medical Center, nor permit one or more other Persons to consolidate with or merge into the operations of the Medical Center; provided, that, the City and the Medical Center may, without violating the covenants contained in this Section 5.01, consolidate the operations of the Medical Center with or merge the operations of the Medical Center into another Person, or permit one or more other Persons to consolidate with or merge into the operations of the Medical Center, or sell or otherwise transfer to another Person such assets, or grant a right to or permit any Person other than the City and its officers to appoint or designate a majority of the members of the Board of Trustees of the Medical Center, if:

(i) The surviving, resulting or transferee Person has a public rating of at least “Baa2” by Moody’s or “BBB” by S&P or Fitch Ratings;

(ii) The Authority and the Trustee shall have received an Opinion of Bond Counsel to the effect that such merger, consolidation, sale or other transfer or the grant of any such right to appoint or designate a majority of the members of the Board of Trustees of the Medical Center will not cause the interest on the Series 2018 Bonds to be included in gross income for federal income tax purposes under Section 103 of the Code;

(iii) The surviving, resulting or transferee Person:

(A) assumes in writing all of the obligations of the Purchaser under this Installment Purchase Agreement and the Trust Agreement and agrees to fulfill and comply with the terms, covenants and conditions thereof;

(B) is not, after such transaction, otherwise in default under any provision of this Installment Purchase Agreement or the Trust Agreement;

(C) complies with applicable law, including the Medical Center Act;

(D) is a municipal hospital or hospital district or an organization meeting the requirements of Section 501(c)(3) of the Code, or a corresponding provision of the federal income tax laws then in effect; and

(E) shall have fund balances at least equal to the fund balances of the Medical Center prior to such transaction;

(iv) The Trustee and the Authority shall have received the report of a Management Consultant to the effect that Net Income Available for Debt Service of the surviving, resulting or transferee Person (after giving effect to such merger, consolidation, sale or other transfer) for each of the first two full Fiscal Years following such merger, consolidation, sale or other transfer is forecasted to be not less than the Net Income Available for Debt Service of the Medical Center for each of the two most recent Fiscal Years of the Medical Center for which audited financial statements are available, as certified by an Independent Certified Accountant;

(v) The Trustee and the Authority shall have received a report of an Independent Certified Public Accountant to the effect that the net worth of the surviving, resulting or transferee Person, after giving effect to such merger, consolidation, sale or other transfer, is at least equal to 100 percent of the net worth of the Medical Center immediately prior to such merger, consolidation, sale or other transfer; and

(vi) The Trustee and the Authority shall have received an Opinion of Counsel to the effect that this Installment Purchase Agreement constitutes the legal, valid and binding obligations of the surviving, resulting or transferee Person, as the case may be, enforceable against such Person in accordance with their respective terms.

(b) Notwithstanding the foregoing provisions of this Section 5.01, the City and the Medical Center may, without complying with the provisions of subsection (a) of this Section 5.01, enter into and perform its obligations under any agreement with another Person providing for the management or lease by such other Person of all or any portion of the assets or operations of the Medical Center, or for the affiliation of the clinical operations of the Medical Center with the clinical operations of such other Person, provided that in any such instance after the date hereof:

(i) The Authority and the Trustee shall have received an Opinion of Bond Counsel to the effect that the entry by the City or the Medical Center into such agreement and the performance by the City and the Medical Center of its respective obligations thereunder will not cause the interest on the Series 2018 Bonds to be included in the gross income for federal income tax purposes under Section 103 of the Code; and

(ii) Upon the execution and delivery by the City or the Medical Center of any such agreement, the City and the Medical Center are in compliance with the provisions of this Installment Purchase Agreement.

(c) If an affiliation, merger, consolidation, sale or other transfer is effected, as provided in this Section 5.01, the provisions of this Section 5.01 shall continue in full force and effect, and

no further affiliation, merger, consolidation, sale or transfer shall be effected except in accordance with the provisions of this Section 5.01.

SECTION 5.02. Licensing. The Medical Center shall maintain all permits, licenses, and other governmental approvals necessary for the operation of the Facilities.

SECTION 5.03. Rates and Charges; Debt Coverage.

(a) The Medical Center shall operate the Facilities as revenue producing health care facilities. The Medical Center shall fix, charge and collect, or cause to be fixed, charged and collected, subject to applicable requirements or restrictions imposed by law, rates, fees and charges that are sufficient in each Fiscal Year, commencing with the Fiscal Year ending June 30, 2021 to (i) pay the Cash Operating Expenses for such Fiscal Year, (ii) produce Net Income Available for Debt Service for such Fiscal Year equal to at least 1.15 times Aggregate Debt Service for such Fiscal Year, and (iii) maintain Days Cash on Hand for such Fiscal Year equal to at least 30 days.

(b) On June 1 and December 1 of each Fiscal Year, the Medical Center shall compute the Net Income Available for Debt Service and Aggregate Debt Service for such Fiscal Year and Days Cash on Hand and promptly furnish to the Trustee a Statement setting forth the results of such computations. The Medical Center further covenants and agrees that if at the end of such Fiscal Year, commencing with the Fiscal Year ending June 30, 2021, the Net Income Available for Debt Service shall have been less than 1.15 times Aggregate Debt Service for such Fiscal Year or Days Cash on Hand shall be less than 45 days, it will promptly employ a Management Consultant to make recommendations as to a revision of the rates, fees and charges of the Medical Center or the methods of operation of the Medical Center which will result in producing Net Income Available for Debt Service and Days Cash on Hand in the amounts required by subsection (a) of this Section for subsequent Fiscal Years. Copies of the recommendations of the Management Consultant shall be filed with the Trustee. The Medical Center shall promptly upon its receipt of such recommendations, subject to applicable requirements or restrictions imposed by law, revise its rates, fees and charges or its methods of operation or collections and shall take such other action as shall be in conformity with such recommendations.

If the Medical Center complies in all material respects with the reasonable recommendations of the Management Consultant in respect to rates, fees, charges and methods of operation or collection for a Fiscal Year, the Medical Center will be deemed to have complied with the covenants contained in this Section 5.03 for such Fiscal Year notwithstanding that Net Income Available for Debt Service or Days Cash on Hand shall be less than the amount required under subsection (a) of this Section; provided, that (1) this sentence shall not be construed as in any way excusing the Medical Center from taking any action or performing any duty required under this Installment Purchase Agreement or be construed as constituting a waiver of any other Purchase Agreement Default, (2) Net Income Available for Debt Service shall be at least equal to 1.00 times Aggregate Debt Service for such Fiscal Year, and (3) Days Cash on Hand shall be at least equal to 45 days for such Fiscal Year.

(c) Notwithstanding the foregoing, the Medical Center may permit the rendering of service at, or the use of the Facilities without charge or at reduced charges, at the discretion of the Board; provided, that the Medical Center would continue to satisfy the requirements of this Section 5.03.

SECTION 5.04. Limitations on Encumbrances. Neither the City nor the Medical Center shall create, assume or suffer to exist any mortgage, deed of trust, pledge, security interest, encumbrance, lien, attachment or charge of any kind (including the charge upon property purchased under conditional sales or other title retention agreements) (a "security interest") upon the Facilities, the Gross

Revenues or any other assets of the Medical Center; provided, however, that notwithstanding the foregoing provision, the Medical Center may create, assume or suffer to exist Permitted Encumbrances.

SECTION 5.05. Limitations on Indebtedness.

(a) The Medical Center shall not incur any Long-Term Indebtedness payable on a basis senior to the Series 2018 Installment Purchase Payments and any Parity Debt, without the consent of a majority of the Owners of the principal amount of Bonds Outstanding.

(b) The Medical Center shall not incur additional Long-Term Indebtedness (including guaranties) without the consent of a majority of the Owners of the principal amount of Bonds Outstanding, unless each of the following requirements are satisfied:

(i) Net Income Available for Debt Service, as certified by a written report of an Independent Certified Public Accountant or an internal senior accounting officer of the Medical Center, which shall be filed with the Authority and the Trustee for the most recent Fiscal Year for which audited financial statements are available immediately preceding the date of incurrence of such Long-Term Indebtedness was at least equal to 1.25 times Maximum Aggregate Annual Debt Service on all outstanding Long-Term Indebtedness and the Long-Term Indebtedness proposed to be incurred;

(ii) The ratio of cash and investments of the Medical Center to Debt Service, after taking into account the Long-Term Indebtedness to be incurred, is not less than 0.50%;

(iii) There is no Event of Default.

(c) In addition to the Indebtedness permitted by Section 5.05(b), if no Event of Default has occurred and is continuing, the Medical Center may (i) incur liabilities under capitalized lease obligations or indebtedness secured by a purchase money security interest in machinery and/or equipment acquired with the proceeds thereof, in each case, without limitation on duration, in an aggregate amount not to exceed \$12,000,000 and (ii) incur the following obligations in an aggregate amount not to exceed \$5,000,000 (A) unsecured indebtedness and (B) Short-Term Indebtedness. Short-Term Indebtedness shall be repaid no later than the one year anniversary of the original incurrence of such Indebtedness.

(d) In addition to the Indebtedness permitted by Section 5.05(b) and Section 5.05(c), if no Event of Default has occurred and is continuing, the Medical Center may incur Subordinated Indebtedness with level repayment terms in an aggregate amount not to exceed \$15,000,000 outstanding at any time; provided, that Net Income Available for Debt Service for Fiscal Year in which such Subordinated Indebtedness will be incurred is equal to at least 1.1 times Aggregate Debt Service for such Fiscal Year.

SECTION 5.06. Accounting Records and Financial Statements. The Medical Center shall at all times keep, or cause to be kept, proper books of record and account, prepared in accordance with GAAP, in which complete and accurate entries shall be made of all transactions of or in relation to the business, properties and operations of the Medical Center. Such books of record and account shall be available for inspection by the Authority and the Trustee at reasonable hours and under reasonable circumstances.

SECTION 5.07. Limitations on Disposition of Assets. Neither the Purchaser nor the Medical Center may sell, in the aggregate, \$10,000,000 or more of the assets of the Medical Center without the prior written consent of the Owners of at least a majority of Outstanding Bonds. The Purchaser or the Medical Center, however, may sell less than \$10,000,000 (in the aggregate until the Series 2018 Installment

Purchase Payments have been paid in full as provided herein) of the assets of the Medical Center; provided, that the Medical Center is in compliance with Section 5.03 and no Event of Default has occurred and is continuing.

SECTION 5.08. Limitation on Acquisition of Properties. The Purchaser shall not acquire additional material property, plant and equipment (except (1) in the ordinary course of business, (2) with the proceeds of Indebtedness permitted by Section 5.05 of this Installment Purchase Agreement, or (3) as part of a merger or consolidation permitted by Section 5.01 of this Installment Purchase Agreement) by gift (other than unrestricted gifts of cash or unencumbered personal property), purchase, construction, merger or consolidation.

SECTION 5.09. Compliance with United States and California Constitutions. The Medical Center shall not restrict admissions of patients to the Facilities on racial or religious grounds. In each year on the date the Medical Center is required to provide the Medical Center's audited financial statements in accordance with Section 5.06(b) hereof the Medical Center shall furnish to the Authority a Certificate of the Medical Center stating that (i) no facility, place or building financed or refinanced with any portion of the proceeds of any Series of Bonds has been used primarily for sectarian instruction or study or is a place for devotional activities or religious worship; and (ii) the Medical Center does not restrict admissions of residents to the Facilities on racial or religious grounds. The Owners and the Authority and its designees shall have the right to inspect the Facilities at all reasonable times for the purpose of verifying the foregoing Certificate of the Medical Center and due compliance by the Medical Center with the Constitutions of the United States and of the State.

SECTION 5.10. Tax Covenants. The Purchaser, the Medical Center and the Authority covenant as follows:

(a) Special Definitions. When used in this Section, the following terms shall have the following meanings.

"Computation Date" has the meaning set forth in section 1.148-1(b) of the Tax Regulations.

"Gross Proceeds" means any proceeds as defined in section 1.148-1(b) of the Tax Regulations, and any replacement proceeds as defined in section 1.148-1(c) of the Tax Regulations, of this Installment Purchase Agreement. The Purchaser and the Authority acknowledge that this Installment Purchase Agreement is intended to be treated for federal income tax purposes as an obligation the debt service on which comprises the mandatory rental or Installment Purchase Payments, respectively, that undivided interests in the form of certificates of participation were or are to be sold in respect of that obligation, and that the "Gross Proceeds" of that obligation include the proceeds of sale of such certificates of participation and any other amounts that, had such certificates of participation comprised an issue of governmental obligations, would be "proceeds" or "replacements proceeds" of such issue.

"Investment" has the meaning set forth in section 1.148-1(b) of the Tax Regulations.

"Nonpurpose Investment", with respect to any issue of governmental obligations (including this Installment Purchase Agreement), means any investment property, as defined in section 148(b) of the Code, in which Gross Proceeds of such obligations are invested and that is not acquired to carry out the governmental purposes of such obligations.

"Proceeds," with respect to an issue of governmental obligations, has the meaning set forth in has the meaning set forth in section 1.148-1(b) of the Tax Regulations (referring to sales, investment and transferred proceeds).

“*Rebate Amount*” has the meaning set forth in section 1.148-1(b) of the Tax Regulations.

“*Tax Regulations*” means the United States Treasury Regulations promulgated pursuant to sections 103 and 141 through 150 of the Code.

“*Yield*” of any Investment has the meaning set forth in section 1.148-5 of the Tax Regulations; and of any issue of governmental obligations has the meaning set forth in section 1.148-4 of the Tax Regulations.

(b) Not to Cause Interest Component to Fail to be Excluded. None of the Purchaser, the Medical Center or the Authority shall use, permit the use of, or omit to use Gross Proceeds or any other amounts in respect of this Installment Purchase Agreement (including any amounts derived from the sale or offering of the Series 2018 Bonds), or any property the acquisition, construction or improvement of which is to be financed directly or indirectly with such Gross Proceeds, in a manner that if made or omitted, respectively, would cause any Interest Component of Series 2018 Installment Purchase Payments to fail to be excluded pursuant to section 103(a) of the Code from the gross income of the Authority or its assigns for purposes of federal income taxation. Without limiting the generality of the foregoing, unless and until the Purchaser receives a written opinion of Bond Counsel to the effect that failure to comply with such covenant will not adversely affect the exclusion from gross income for federal income tax purposes of any Interest Component of Series 2018 Installment Purchase Payment, the Purchaser and Authority shall comply with each of the specific covenants in this Section. The Authority shall not assign this Installment Purchase Agreement, or any interest therein, unless the assignee, other than the Trustee, shall have assumed and undertaken the obligations of the Authority under this Section 5.10; provided further, however, that no such assignment permitted unless the Authority shall have undertaken to cooperate with the assignee in its satisfaction of such obligations. Any assignment described in the previous sentence having been completed, each reference to “Authority” in this Section 5.10 thereafter shall be treated as a reference also to the assignee.

(c) No Private Use or Private Payments. Except as would not cause this Installment Purchase Agreement to become a “private activity bond” within the meaning of section 141 of the Code and the Tax Regulations and rulings thereunder, the Purchaser and the Medical Center shall at all times prior to the making of the final Series 2018 Installment Payment and termination of this Installment Purchase Agreement:

(1) require that one or more state or local governmental agencies exclusively own, operate and possess all property the acquisition, construction or improvement of which is to be financed or refinanced directly or indirectly with Gross Proceeds of this Installment Purchase Agreement, and not use or permit the use of such Gross Proceeds (including all contractual arrangements with terms different than those applicable to the general public) or any property acquired, constructed or improved with such Gross Proceeds or the gross proceeds of any 2018 Bond in any activity carried on by any person or entity (including the United States or any agency, department and instrumentality thereof) other than a state or local government, unless such use is solely as a member of the general public; and

(2) not permit the direct or indirect imposition of any charge or other payment on or by any person or entity that is treated as using Gross Proceeds of the 2018 Bonds or this Installment Purchase Agreement or any property the acquisition, construction or improvement of which was or is to be financed or refinanced directly or indirectly with Gross Proceeds or the gross proceeds of the 2018 Bonds, other than taxes of general application within the Purchaser.

(d) No Private Loan. Except as would not cause this Installment Purchase Agreement to become a “private activity bond” within the meaning of section 141 of the Code and the Tax Regulations and rulings thereunder, none of the Purchaser, the Medical Center or the Authority has used or permitted the use of, or shall use or permit the use of gross proceeds of the installment purchase agreement for the 2018 Bonds or the Gross Proceeds to make or finance loans to any person or entity other than a state or local government. For purposes of the foregoing covenant, such Gross Proceeds are considered to be “loaned” to a person or entity if: (1) property acquired, constructed or improved with such Gross Proceeds is sold or leased to such person or entity in a transaction that creates a debt for federal income tax purposes; (2) capacity in or service from such property is committed to such person or entity under a take-or-pay, output or similar contract or arrangement; or (3) indirect benefits, or burdens and benefits of ownership, of such Gross Proceeds or any property acquired, constructed or improved with such Gross Proceeds are otherwise transferred in a transaction that is the economic equivalent of a loan.

(e) Not to Invest at Higher Yield. Except as would not cause this Installment Purchase Agreement to become an “arbitrage bond” within the meaning of section 148 of the Code and the Tax Regulations and rulings thereunder, none of the Purchaser, the Medical Center or Authority shall directly or indirectly invest or permit the investment of Gross Proceeds of this Installment Purchase Agreement at any time prior to the final payment of the Series 2018 Installment Purchase Payments and the termination of this Installment Purchase Agreement in any Investment, if as a result of such investment the Yield on Investments acquired with Gross Proceeds, whether then held or previously disposed of, materially exceeds the Yield of this Installment Purchase Agreement within the meaning of said section 148. For purposes of this paragraph, Yield on Investments shall be determined in accordance with the provisions of section 1.148-5 of the Tax Regulations (which, under certain circumstances, requires Yield to be determined separately for each Investment or class of Investments).

(f) Not Federally Guaranteed. Except to the extent permitted by section 149(b) of the Code and the Tax Regulations and rulings thereunder, neither the Purchaser nor the Authority shall take or omit to take, or permit, any action that would cause this Installment Purchase Agreement to be treated as “federally guaranteed” within the meaning of section 149(b) of the Code and the Tax Regulations and rulings thereunder.

(g) Information Report. The Purchaser shall timely file or cause to be filed any information required by section 149(e) of the Code with respect to this Installment Purchase Agreement with the Secretary of the Treasury on Form 8038-G or such other form and in such place as the Secretary may prescribe.

(h) Rebate. Except to the extent otherwise provided in section 148(f) of the Code and the Tax Regulations and rulings thereunder:

(1) The Purchaser shall account for all Gross Proceeds of this Installment Purchase Agreement (including all receipts, expenditures and investments thereof) on its books of account separately and apart from all other funds (and receipts, expenditures and investments thereof) and shall retain all records of accounting for at least six years after the day of final payment of the Series 2018 Installment Purchase Payments and termination of this Installment Purchase Agreement. However, to the extent permitted by law, the Purchaser may commingle Gross Proceeds of this Installment Purchase Agreement with other money of the Purchaser, provided that the Purchaser separately accounts for each receipt and expenditure of Gross Proceeds and the obligations acquired therewith.

(2) Not less frequently than each Computation Date, the Purchaser shall calculate the Rebateable Amount in accordance with rules set forth in section 148(f) of the Code and the Tax

Regulations and rulings thereunder, which the Purchaser shall maintain with its official transcript of proceedings relating to the execution and delivery of this Installment Purchase Agreement until six years after the final Computation Date, and to provide promptly to the Authority a copy of each said calculation.

(3) To assure the excludability of the Interest Component of Series 2018 Installment Purchase Payments from the gross income of the owners thereof for federal income tax purposes, the Purchaser shall make or cause to be made rebate payments at the times and in the amounts as are or may be required by section 148(f) of the Code and the Tax Regulations and rulings thereunder, which payments shall be accompanied by Form 8038-T or such other forms and information as is or may be required by section 148(f) of the Code and the Tax Regulations and rulings thereunder.

(4) The Purchaser shall cause the exercise of reasonable diligence to assure that no errors are made in the calculations and payments required by paragraphs (1) and (2), that if nevertheless an error is made, to discover and promptly correct such error within a reasonable amount of time thereafter (and in all events within one hundred eighty (180) days after the error has been or with the exercise of reasonable diligence would have been discovered), including payment to the United States of any additional Rebate Amount owed to it, interest thereon, and any penalty imposed under section 1.148-3(h) of the Tax Regulations.

(i) Not to Divert Arbitrage Profits. Except to the extent permitted by section 148 of the Code and the Tax Regulations and rulings thereunder, neither the Purchaser nor the Authority shall enter into any transaction that reduces the amount required to be paid to the United States pursuant to section 148(f) of the Code because such transaction results in a smaller profit or a larger loss than would have resulted if the transaction had been at arm's length and the Yield of this Installment Purchase Agreement had been irrelevant to each party.

(j) Agreement Not Hedge Bond. The Purchaser represents that this Installment Purchase Agreement will not become "hedge bonds" within the meaning of section 149(g) of the Code.

SECTION 5.11. Continuing Disclosure. The City and the Medical Center hereby covenant and agree that they will comply with and carry out all of the provisions of any Continuing Disclosure Agreement delivered in connection with any Series of Bonds. Notwithstanding any other provision of this Installment Purchase Agreement, failure of the City and/or the Medical Center to comply with any Continuing Disclosure Agreement shall not constitute a Purchase Agreement Default; however, any Owner or any Beneficial Owner may take such actions as may be necessary and appropriate, including seeking specific performance by court order, to cause the City and/or the Medical Center to comply with their obligations under this Section 5.11.

SECTION 5.12. Interest Rate Swaps. The Medical Center represents that it is not a party to any interest rate swaps or hedging arrangements as of the Closing Date relating to the Installment Purchase Payments. After the Closing Date, the Medical Center shall not enter into any swaps or hedging arrangements relating to the Installment Purchase Payments without the prior written consent of the Owners of not less than a majority in aggregate principal amount of the Series 2018 Bonds at the time Outstanding.

SECTION 5.13. Additional Covenants Relating to the Series 2018 Bonds. The Medical Center covenants and agrees, as follows:

(a) To collaterally assign its interest in the material contracts relating to the 2018 Medical Center Projects to the Trustee as security for the Series 2018 Bonds.

(b) To collaterally assign its interest in certain medical equipment and other personal property of the Medical Center, identified by the Medical Center as of January 1, 2018 as security for the Series 2018 Bonds.

(c) Not to allow any liens, taxes, or special assessments on the Facilities in connection with a Property Assessed Clean Energy (“PACE”) financing, without the prior written consent of the Majority Owners.

(d) To cooperate with the Majority Owners in connection with any PACE refinancing that may be available with respect to the Series 2018 Medical Center Projects.

(e) To cooperate with the Majority Owners, and provide information to such Owner, in connection with the purchase of municipal bond insurance with respect to the Series 2018 Bonds.

(f) To update the Limited Offering Memorandum, including Appendix A, one time during the first two years after the Closing Date and thereafter every two years at the request of the Majority Owners.

(g) To participate, at the request of the Majority Owners, in conference calls with any Rating Agency selected by the Majority Owners and apply for a rating on the Series 2018 Bonds at the expense of the Owners of a majority in aggregate principal amount of the Series 2018 Bonds. Annual rating maintenance fees, if any, not to exceed \$10,000, shall be paid by the Majority Owners.

(h) To, at the request of the Majority Owners, no more than once every quarter, within 15 days of such request, organize and hold a conference call to discuss the Medical Center’s recent financial and operating results and related matters with such Majority Owners.

ARTICLE VI

MAINTENANCE, TAXES, INSURANCE AND CONDEMNATION

SECTION 6.01. Maintenance and Operation of Facilities. The Medical Center shall operate and maintain the Facilities in accordance with all applicable governmental laws, ordinances, approvals, rules, regulations and requirements including, without limitation, such zoning, sanitary, pollution and safety ordinances and laws and such rules and regulations thereunder as may be binding upon the Medical Center. The Medical Center shall maintain and operate the Facilities and all engines, boilers, pumps, machinery, apparatus, fixtures, fittings and equipment of any kind in or that shall be placed in any building or structure now or hereafter at any time constituting part of the Facilities, in good repair, working order and condition, and the Medical Center shall from time to time make or cause to be made all needful and proper replacements, repairs, renewals and improvements; in each case to the extent necessary so that the efficiency and value of the Facilities shall not be impaired.

SECTION 6.02. Taxes, Assessments, Other Governmental Charges and Utility Charges. The Medical Center shall pay and discharge all taxes, assessments, governmental charges of any kind whatsoever, water rates, meter charges and other utility charges which may be or have been assessed or which may have become liens upon the Facilities, the Gross Revenues or the interests therein of the Trustee (as assignee of the Authority) or of the Owners, and will make such payments or cause such payments to be made, respectively, in due time to prevent any delinquency thereon or any forfeiture or sale of the Facilities or any part thereof and, upon request, will furnish to the Trustee receipts for all such payments, or other evidences satisfactory to the Trustee; provided, however, that the Medical Center shall not be required to pay any tax, assessment, rate or charge as herein provided as long as it shall in good faith

contest the validity thereof, provided that the Medical Center shall have set aside adequate reserves with respect thereto.

SECTION 6.03. Insurance Required.

(a) **Maintain Insurance.** The Medical Center shall keep the Facilities and its operations adequately insured at all times, and, shall carry and maintain, or cause to be carried and maintained, and will pay, or cause to be paid, in timely fashion the premiums for, at least the following coverages with the limits as stated.

(i) Property Insurance.

(A) **Buildings and Structures.** All buildings and structures constituting part of the Facilities shall, at a minimum, be insured, subject to a reasonable deductible per occurrence, and in an amount equal to at least the lesser of the full replacement value of the property insured, or the aggregate principal amount of the Outstanding Bonds and Parity Debt. The replacement value of the Facilities shall be determined from time to time at the request of the Medical Center or the Trustee (but not less frequently than once in every twenty-four months) by an architect, contractor, appraiser or appraisal company selected by the Medical Center. The policy form shall also include a Joint Loss Endorsement as respects Boiler & Machinery insurance.

(B) **Business Personal Property.** All business personal property, including computers and electronic data processing equipment, at any location forming part of the Facilities shall be insured, subject to a reasonable deductible per occurrence and in an amount equal to at least the lesser of the full replacement value of the property insured or the aggregate principal amount of the Outstanding Bonds and Parity Debt.

(C) **Earthquake.** All buildings, structures, and the contents thereof, shall be insured against damage resulting from earthquake and related perils in an amount equal to at least the lesser of the full replacement value of the Facilities or the aggregate principal amount of Outstanding Bonds and Parity Debt, subject to reasonable deductibles; provided, that such insurance is available from reputable companies at commercially reasonable rates.

(ii) **Builders Risk.** During the course of any substantial addition, extension, alteration, or improvement to the Facilities, the Medical Center shall maintain or cause to be maintained builder's risk insurance in the amount of the full completed value of such construction work, subject to reasonable deductibles per occurrence, covering all risk of physical loss or damage.

(iii) **Boiler and Machinery Insurance.** The Medical Center shall maintain boiler and machinery insurance providing coverage against loss of property and liability for damage to persons or property from explosion of, or accident to, boilers, tanks, pipes, pressure vessels, engines, wheels, electrical machinery, or apparatus connected therewith or operating thereby in an amount not less than \$1,000,000, subject to deductibles not exceeding \$10,000 per occurrence.

(iv) **Commercial General Liability Insurance.** The Medical Center shall maintain Commercial General Liability Insurance for bodily injury and property damage, including non-owned and hired automobile coverage, with limits not less than \$1,000,000 per occurrence, and \$1,000,000 annual aggregate.

(v) **Automobile Insurance.** The Medical Center shall maintain insurance for vehicles owned, non-owned or hired by the Medical Center with at least a \$1,000,000 per accident limit.

(vi) **Professional Liability.** The Medical Center shall maintain professional liability insurance with per occurrence and aggregate limits not less than \$10,000,000, subject to reasonable deductibles or self-insured retention.

(vii) **Cyber Liability.** The Medical Center shall maintain cyber liability insurance covering theft or unauthorized disclosure of personally identifiable non-public information maintained by the Medical Center, with limits not less than \$5,000,000.

(viii) **Business Interruption.** The Medical Center shall maintain business interruption insurance covering actual losses to the Medical Center of Gross Revenues which result directly from the necessary interruption of business caused by damage to or destruction of any real or personal property constituting part of the Facilities from risks covered by the insurance required above under subsection (i) Property Insurance, less charges and expenses which do not necessarily continue during such interruption of business, for such period of time as may be required, with exercise of due diligence and dispatch, to reconstruct, repair or replace such damages or destroyed property, with limits not less than the Maximum Aggregate Annual Debt Service.

(ix) **Extra Expense.** The Medical Center shall maintain extra expense insurance covering additional expenses for continuing operations or to resume normal business incurred by the Medical Center which result directly from damage to or destruction of any real or personal property constituting part of the Facilities from the risks covered by the insurance required above under subsection (i) Property Insurance, with limits not less than Maximum Aggregate Annual Debt Service.

(x) **Directors and Officers.** The Medical Center shall maintain insurance to cover wrongful acts of the directors and officers, including entity coverage, to the extent available in such policy form as is available to directors and officers of a municipal hospital in an amount not less than \$10,000,000.

(b) **Risk Management Consultant.** The Medical Center shall employ a risk Management Consultant to review the insurance requirements of the Medical Center from time to time (but not less frequently than once every twenty-four (24) months). If the risk Management Consultant makes recommendations for the increase of any of the coverage required by subsection (a) of this Section, the Medical Center shall increase such coverage in accordance with such recommendations, subject to a good faith determination of the Board that such recommendations, in whole or in part, are in the best interests of the Medical Center. Notwithstanding anything in this Section to the contrary, the Medical Center shall have the right, without the giving rise to an event of default under this Installment Purchase Agreement solely on such account,

(i) to maintain insurance coverage below that required by subsection (a) of this Section, provided further that the Medical Center shall furnish to the Trustee a Statement of the risk Management Consultant or other evidence that the insurance so provided affords the greatest amount of coverage available for the risk being insured against at rates which in the judgment of the risk Management Consultant are reasonable in connection with reasonable and appropriate risk management, or

(ii) to adopt alternative risk management programs which the Board determines to be reasonable and which shall not have a material adverse impact on the Medical Center's reimbursement from third party payers, including, without limitation, to self-insure in whole or in part, to participate in programs of captive insurance companies, to participate with other health care institutions in mutual or other cooperative insurance or other risk management programs, to participate in state or federal insurance programs, to take advantage of state or federal laws now or hereafter in existence limiting medical and malpractice liability, or to establish or participate in other alternative risk management programs;

all as may be approved in writing as reasonable and appropriate risk management by the risk Management Consultant. A copy of any such approval shall be furnished to the Trustee.

Any insurance provided through a captive insurance company, mutual or other cooperative insurance programs with other health care institutions or similar programs with which the Medical Center contracts for insurance shall be deemed to be self-insurance for purposes hereof. Any self-insurance maintained by the Medical Center pursuant to this Installment Purchase Agreement shall comply with the following terms:

(i) the self-insurance program shall be approved in writing by the Owners of a majority of the aggregate principal amount of the Bonds then Outstanding;

(ii) the self-insurance program shall be approved in writing by an Independent Insurance Consultant;

(iii) the self-insurance program shall include an actuarially sound claims reserve fund out of which each self-insured claim shall be paid, the adequacy of each such fund shall be evaluated on an annual basis by the Independent Insurance Consultant and any deficiencies in any self-insured claims reserve fund shall be remedied in accordance with the recommendation of the Independent Insurance Consultant;

(iv) the self-insured claims reserve fund shall be held in a separate trust fund by an independent trustee; and

(v) if the self-insurance program shall be discontinued, the actuarial soundness of its claims reserve fund, as determined by the Independent Insurance Consultant, shall be maintained.

SECTION 6.04. Workers' Compensation. In connection with the operation of the Facilities, the City and the Medical Center shall at all times comply with California's Workers' Compensation, Insurance and Safety Act, including the Workers' Compensation and Insurance law at Division 4 of the California Labor Code, or any successor statute or statutes, and shall maintain insurance or self-insurance for workers' compensation claims as required by California Labor Code section 3700.

SECTION 6.05. Insurers; Policy Forms and Loss Payees. To the extent that insurance or risk management provided in accordance with Section 6.03 hereof is provided by a commercial insurance policy or policies, such policy or policies shall be issued by stock, reciprocal or mutual insurance companies authorized to do business (or subject to service of process) in the State which are financially responsible and capable of fulfilling the requirements of such policies. All policies shall name the Medical Center, the Authority, and the Trustee, as insured parties, beneficiaries or loss payees as their interest may appear. Each policy shall be in such form and contain such provisions as are generally considered standard for the type of insurance involved and shall contain (a) a provision to the effect that the insurer shall not cancel or

substantially modify the policy provisions without first giving at least thirty (30) days written notice thereof to the Medical Center and the Trustee and (b) a severability of interests (cross liability) provision. In lieu of separate policies, the Medical Center may maintain blanket policies which cover any one or more risks required to be insured against so long as the minimum coverages required herein are met. The Medical Center shall file at least annually on or before April 1 of each year with the Trustee, a Certificate setting forth the policies of insurance maintained pursuant to this Installment Purchase Agreement, the names of the insurers and insured parties, the amounts of such insurance and applicable deductibles, the risks covered thereby and the expiration dates thereof and a similar description of any self-insurance or alternative risk management program adopted by the Medical Center, and stating whether the insurance described therein satisfies the requirements of this Installment Purchase Agreement. The Trustee shall be protected in relying upon such Certificate without independent investigation into the matters covered therein. The Medical Center also shall file with the Trustee a copy of any insurance review or recommendations received by the Medical Center from the risk Management Consultant pursuant to Section 6.03 of this Installment Purchase Agreement.

SECTION 6.06. Disposition of Insurance and Condemnation Proceeds. [under review and subject to revision]

(a) The proceeds of insurance maintained by the Medical Center against loss or damage by fire, lightning, vandalism, malicious mischief and all other risks covered by the extended coverage insurance endorsement then in use in the State or against loss or damage by risks covered by builders' risk insurance, and the proceeds of any condemnation awards with respect to the Facilities, shall be paid immediately upon receipt by the Medical Center or other named insured parties to the Trustee, as assignee of the Authority, for deposit in a special fund which the Trustee shall establish and maintain and hold in trust pursuant to Section 3.04(c) of the Trust Agreement, to be known as the "Insurance and Condemnation Proceeds Fund." Earnings on funds held in the Insurance and Condemnation Proceeds Fund shall be retained therein.

(b) If the Medical Center elects to repair or replace the property damaged, destroyed or taken, it shall furnish to the Trustee plans of the contemplated repair or replacement, accompanied by a statement of an architect or other qualified expert estimating the reasonable cost of such repair or replacement and a Statement of the Medical Center stating that amounts in the Insurance and Condemnation Proceeds Fund, together with investment income reasonably expected to be received with respect thereto and any other funds available or reasonably expected to become available from the Medical Center therefor (and which the Medical Center shall agree to deposit in the Insurance and Condemnation Proceeds Fund when so available), shall be sufficient to repair or replace the property damaged, destroyed or taken in accordance with such plans. After deducting therefrom the reasonable charges and expenses of the Trustee in connection with the collection and disbursement of such moneys, moneys in the Insurance and Condemnation Proceeds Fund shall be disbursed by the Trustee for the purpose of repairing or replacing the property damaged, destroyed or taken in the manner and subject to the conditions set forth in the Trust Agreement with respect to disbursements from the Project Fund to the extent the provisions thereof may reasonably be made applicable.

(c) If the Medical Center shall elect not to repair or replace the property damaged, destroyed or taken, as provided in subsection (a) of this Section 6.06, the Trustee shall transfer all amounts in the Insurance and Condemnation Proceeds Fund on account of such damage, destruction or condemnation and any other funds available or reasonably expected to become available from the Medical Center therefor (and which the Medical Center shall agree to deposit in the Special Redemption Account when so available) to the Special Redemption Account to prepay the Installment Purchase Payments and redeem Bonds; provided, that if any Parity Debt is then outstanding, any such transfer from the Insurance and Condemnation Proceeds Fund shall be deposited in part in the Special Redemption Account and in part

in such other fund or account (the “Parity Debt Redemption Account”) as may be appropriate (and used for the retirement of such Parity Debt) in the same proportion which the aggregate principal amount of Outstanding Bonds then bears to the aggregate unpaid principal amount of such Parity Debt.

ARTICLE VII

NON-LIABILITY OF AUTHORITY; LIMITED LIABILITY OF CITY; EXPENSES; INDEMNIFICATION

SECTION 7.01. Non-Liability of Authority. The Authority shall not be obligated to pay the principal of Redemption Price and interest on the Bonds, except from Revenues and other moneys and assets received by the Trustee on behalf of the Authority pursuant to this Installment Purchase Agreement. Neither the faith and credit nor the taxing power of the State or any political subdivision thereof, nor the faith and credit nor the taxing power of the City nor the faith and credit of the Authority is pledged to the payment of the principal of, Redemption Price, or interest on the Bonds. The Authority shall not be liable for any costs, expenses, losses, damages, claims or actions, of any conceivable kind on any conceivable theory, under or by reason of or in connection with this Installment Purchase Agreement, the Bonds or the Trust Agreement, except only to the extent amounts are received for the payment thereof from the Medical Center, acting on behalf of the Purchaser, under this Installment Purchase Agreement.

The City and the Medical Center hereby acknowledge that the Authority’s sole source of moneys to repay the Bonds will be provided by the payments made by the Medical Center, acting on behalf of the Purchaser, pursuant to this Installment Purchase Agreement, together with investment income on certain funds and accounts held by the Trustee under the Trust Agreement, and hereby agrees that if the payments to be made hereunder shall ever prove insufficient to pay all principal of, Redemption Price, or interest on the Bonds as the same shall become due (whether by maturity, redemption, acceleration or otherwise), then upon notice from the Trustee, the Medical Center, acting on behalf of the Purchaser, shall pay such amounts as are required from time to time to prevent any deficiency or default in the payment of such principal, Redemption Price or interest, including, but not limited to, any deficiency caused by acts, omissions, nonfeasance or malfeasance on the part of the Trustee, the City, the Medical Center, the Authority or any third party, subject to any right of reimbursement from the Trustee or any such third party therefor.

SECTION 7.02. Liability of City Limited to Gross Revenues. Notwithstanding any provision of this Installment Purchase Agreement, the City shall not be required to advance any moneys derived from any source of income other than the Gross Revenues for the payment of the Installment Purchase Payments, the Supplemental Payments and any other payments required hereunder or for the performance of any agreements or covenants required to be performed by it contained herein.

The obligation of the City, acting through the Medical Center, to make the Installment Purchase Payments, the Supplemental Payments and any other payments required hereunder is a special limited obligation of the City payable solely from the Gross Revenues as provided herein, and does not constitute a debt of the City or of the State or of any political subdivision thereof within the meaning of any constitutional or statutory debt limitation or restriction.

No payments of Installment Purchase Payments, Supplemental Payments or principal, interest, insurance premium, inspection fees or any other costs incurred in connection with the issuance of Bonds shall be made from the City’s power to tax.

SECTION 7.03. Expenses. To the extent permitted by law, the Medical Center, acting on behalf of the Purchaser, agrees to pay and to indemnify the Owners, the Authority and the Trustee against all costs, fees and charges, including reasonable fees and expenses of attorneys, accountants, consultants

and other experts, incurred in good faith or arising out of or in connection with this Installment Purchase Agreement or the Trust Agreement. These obligations and the obligations set forth in Section 7.04 hereof shall remain valid and in effect notwithstanding payment of all the Bonds, the Installment Purchase Payments or the termination of this Installment Purchase Agreement or the Trust Agreement.

SECTION 7.04. Indemnification.

(a) To the fullest extent then permitted by law, the Medical Center, acting on behalf of the Purchaser, shall indemnify, hold harmless, and defend the City, the Owners, the Authority and the Trustee and each of their respective officers, governing body members, directors, officials and employees (collectively, the “Indemnified Parties”) from and against any and all losses, damages, claims, liabilities, costs and expenses of any conceivable nature, kind or character (including, without limitation, reasonable attorneys’ fees, litigation and court costs, amounts paid in settlement and amounts paid to discharge judgments) to which the Indemnified Parties or any of them, may become subject under or any statutory law (including federal or state securities laws) or at common law or otherwise, arising out of or based upon or in any way relating to:

(i) the Bonds, the Trust Agreement, this Installment Purchase Agreement, or the execution or amendment hereof or thereof or in connection with transactions contemplated hereby or thereby, including the issuance, sale or resale of the Bonds;

(ii) any act or omission of the Purchaser, the Medical Center or any of their agents, contractors, servants, employees or licensees in connection with the Series 2018 Medical Center Projects or the Facilities, the operation of the Series 2018 Medical Center Projects or the Facilities, or the condition, environmental or otherwise, occupancy, use, possession, conduct or management of work done in or about, or from the planning, design, acquisition, installation or construction of, the Series 2018 Medical Center Projects or the Facilities or any part thereof;

(iii) the acquisition, construction, installation and use of the Series 2018 Medical Center Projects and any Additional Medical Center Projects, and each portion thereof or any accident in connection with the operation, use, condition or possession of the Facilities or the Series 2018 Medical Center Projects and any Additional Medical Center Projects, or any portion thereof, resulting in damage to property or injury to or death to any person including, without limitation, any claim alleging latent and other defects, whether or not discoverable by the City, the Medical Center or the Authority or the Trustee;

(iv) any lien or charge upon payments by the Medical Center, acting on behalf of the Purchaser, to the Authority and the Trustee hereunder, or any taxes (including, without limitation, all *ad valorem* taxes and sales taxes), assessments, impositions and other charges imposed on the Authority or the Trustee in respect of any portion of the Series 2018 Medical Center Projects or the Facilities;

(v) any violation of any Environmental Law, rule or regulation with respect to, or the release of any Hazardous Materials from, the Series 2018 Medical Center Projects or the Facilities or any part thereof;

(vi) the defeasance and/or redemption, in whole or in part, of the Bonds;

(vii) any untrue statement or alleged untrue statement of any material fact contained in any offering statement or disclosure document delivered in connection with any Series of Bonds or any omission to state a material fact, necessary to be stated therein to make the

statements made therein, in the light of the circumstances under which such statements were made, not misleading, in any offering statement or disclosure document delivered in connection with any Series of Bonds; and

(viii) the Trustee's acceptance or administration of the trust of the Trust Agreement or the exercise or performance of any of its powers or duties thereunder or under any of the documents relating to the Bonds to which the Trustee is a party;

except (A) in the case of the foregoing indemnification of the Trustee or any of its respective officers, members, directors, officials, employees, attorneys and agents, to the extent such damages are caused by the negligence or willful misconduct of such Indemnified Party; or (B) in the case of the foregoing indemnification of the Authority or any of its officers, members, directors, officials, employees, attorneys and agents, to the extent such damages are caused by the willful misconduct of such Indemnified Party. If any action or proceeding is brought against any Indemnified Party with respect to which indemnity may be sought hereunder, the Medical Center, acting on behalf of the Purchaser, upon written notice from the Indemnified Party, shall assume the investigation and defense thereof; including the employment of counsel selected by the Indemnified Party, and shall assume the payment of all expenses related thereto, with full power to litigate, compromise or settle the same in its sole discretion; provided that the Indemnified Party shall have the right to review and approve or disapprove any such compromise or settlement. Each Indemnified Party shall have the right to employ separate counsel in any such action or proceeding and participate in the investigation and defense thereof, and the Medical Center, acting on behalf of the Purchaser, shall pay the reasonable fees and expenses of such separate counsel; provided, however, that such Indemnified Party may only employ separate counsel at the expense of the Medical Center if in the judgment of such Indemnified Party a conflict of interest exists by reason of common representation or if all parties commonly represented do not agree as to the action (or inaction) of counsel.

(b) The rights of any persons to indemnity hereunder and rights to payment of fees and reimbursement of expenses pursuant to Section 7.03, this Section 7.04 and Section 8.04 shall survive the final payment of the Installment Purchase Payments and the final payment or defeasance of the Bonds.

ARTICLE VIII

PURCHASE AGREEMENT DEFAULTS AND REMEDIES

SECTION 8.01. Purchase Agreement Defaults. The following events shall be "Purchase Agreement Defaults" hereunder:

(a) Failure by the Purchaser, or the Medical Center on behalf of the Purchaser, to pay in full any Installment Purchase Payment required to be made hereunder when due pursuant to the terms hereof;

(b) If any representation or warranty made by the Purchaser or the Medical Center herein or in any document, instrument or certificate furnished to the Owners, the Authority or the Trustee in connection with the issuance of the Bonds shall at any time prove to have been incorrect in any material respect as of the time made;

(c) If the Purchaser or the Medical Center shall fail to observe or perform any covenant, condition, agreement or provision in this Installment Purchase Agreement on its part to be observed or performed, other than as referred to in either subsection (a) or (b) of this Section 8.01 for a period of sixty (60) days after written notice, specifying such failure in reasonable detail and requesting that it be remedied, has been given to the City and the Medical Center by the Authority; except that, if such

failure can be remedied but not within such sixty (60) day period and if the City or the Medical Center, as applicable, has taken all action within its control, lawfully and reasonably possible to remedy such failure within such sixty (60) day period, such failure shall not become a Purchase Agreement Default for so long as the City or the Medical Center, as applicable, shall continue to use its commercially reasonable efforts to diligently proceed to remedy same in accordance with and subject to any directions or limitations of time reasonably established by the Trustee;

(d) If the Purchaser or the Medical Center shall abandon the Facilities, or any substantial part thereof and such abandonment shall continue for a period of sixty (60) days after written notice thereof shall have been given to the Purchaser and the Medical Center by the Authority or the Trustee or the Owners of a majority of the Bonds Outstanding;

(e) If any default shall exist under any instrument pursuant to which Parity Debt was issued and is outstanding, and such default shall continue after the applicable grace period;

(f) If any default shall exist under any instrument pursuant to which Subordinated Indebtedness was issued and is outstanding, and such default shall continue after the applicable grace period, which shall in any case not be longer than 60 days;

(g) If a court of competent jurisdiction shall enter an order, judgment or decree declaring the Purchaser or the Medical Center an insolvent, or adjudging it bankrupt, and such order, judgment or decree shall not be vacated or set aside or stayed within sixty (60) days from the date of the entry thereof;

(h) If the Purchaser or the Medical Center shall file a petition or answer seeking arrangement or reorganization under the federal bankruptcy laws or any other applicable law of the United States of America or any state therein, or if a court of competent jurisdiction shall approve a petition filed with or without the consent of the Purchaser or the Medical Center seeking arrangement or reorganization under the federal bankruptcy laws or any other applicable law of the United States of America or any state therein, 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 Purchaser or of the whole or any substantial part of its property; provided, however, that a petition filed without the consent of the Purchaser and the Medical Center shall not constitute an Event of Default if such petition is dismissed within sixty (60) days of the filing thereof.

(i) 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 Medical Center or of the whole or any substantial part of the Facilities, and such custody or control shall not be terminated within sixty (60) days from the date of assumption of such custody or control;

(j) Failure by the Medical Center for any two consecutive Fiscal Years to maintain Net Income Available for Debt Service at least equal to 1.00 times Aggregate Debt Service for each Fiscal Year during such period; or

(k) If any Event of Default under the Trust Agreement shall occur.

Any Owner may furnish the Trustee with written notice of the occurrence of a Purchase Agreement Default. Upon having actual knowledge (as defined in the Trust Agreement) of a Purchase Agreement Default, the Trustee shall give written notice thereof to the Medical Center and the City, unless each of the Medical Center and the City has expressly acknowledged the existence of such Purchase Agreement Default in a writing delivered by each of the Medical Center and the City to the Trustee or filed by each of the

Medical Center and the City in any court. In addition, the Trustee shall provide written notice of any Purchase Agreement Default to the Owners. Receipt by the Trustee of written notice of a Purchase Agreement Default shall constitute actual knowledge thereof.

SECTION 8.02. Remedies on Default. If a Purchase Agreement Default shall occur, then and in each and every such case during the continuance of such Purchase Agreement Default the interest rate on the Series 2018 Bonds shall be increased in accordance with Section 7.03 of the Trust Agreement, the Authority or the Trustee, to the extent the Trustee has actual knowledge (as defined in Section 8.03(h) of the Trust Agreement) of such Purchase Agreement Default, may (and shall if directed by the Owners of a majority of the Bonds Outstanding, or if any Series of Bonds has been accelerated pursuant to Section 7.02 of the Trust Agreement), take any one or more of the following remedial steps:

(a) The Authority or the Trustee may (and shall if directed by the Owners of a majority of the principal amount of the Bonds Outstanding), upon notice in writing to the Medical Center and the City, declare all installments of the Installment Purchase Payments and all Supplemental Payments payable for the remainder of the term of this Installment Purchase Agreement to be immediately due and payable, whereupon the same shall be immediately due and payable, anything in this Installment Purchase Agreement to the contrary notwithstanding; “all installments” as used in this subsection shall mean an amount equal to the entire unpaid principal installments of the Installment Purchase Payments, together with any applicable premium and all interest accrued or to accrue on such principal installments on and prior to the next succeeding date or dates on which Bonds can be redeemed after giving notice to the Owners as required by the Trust Agreement, which amount shall be equal to the entire principal amount of the then Outstanding Bonds, together with any applicable redemption premium and all interest accrued or to accrue on and prior to the next succeeding redemption date or dates on which the Bonds can be redeemed after giving notice to the Owners thereof as required by the Trust Agreement, plus all other payments due or to become due under this Installment Purchase Agreement.

(b) The Authority or the Trustee may (and shall if directed by both the Owners of a majority of the principal amount of the Bonds Outstanding) take whatever action, at law or in equity, as may appear necessary or desirable to collect the Installment Purchase Payments, Supplemental Payments and any other payments then due and thereafter to become due under this Installment Purchase Agreement or to enforce the performance and observance of any obligation, covenant, agreement or provision contained in this Installment Purchase Agreement to be observed or performed by the Medical Center or the City.

(c) The Authority or the Trustee shall have all the rights and remedies of a secured party or creditor under the Uniform Commercial Code of the State, and the general laws of the State, with respect to the enforcement of the security interests granted or reserved hereunder, including without limitation to the extent permitted by law the right to require that all or a portion of the personal property portion of the Facilities be assembled and delivered to the Trustee and the Trustee may, to the extent permitted by law, impound books and records evidencing the Medical Center’s accounts, accounts receivable and other similar claims for the payment of money and take possession of all notes and other documents which evidence such accounts, accounts receivable and claims for money and give notice to obligors thereunder of its interest therein and make direct collections on such accounts, accounts receivable and claims for money.

(d) The Authority or the Trustee may take whatever legal action may appear necessary or desirable to enforce their rights and the rights of the Owners.

SECTION 8.03. Remedies Not Exclusive; No Waiver of Rights. No remedy herein conferred upon or reserved to the Authority or the Trustee is intended to be exclusive of any other available

remedy or remedies, but each and every such remedy, to the extent permitted by law, shall be cumulative and shall be in addition to every other remedy given under this Installment Purchase Agreement or now or hereafter existing at law or in equity or otherwise. To entitle the Authority or the Trustee to exercise any remedy, to the extent permitted by law, reserved to it contained in this Installment Purchase Agreement, it shall not be necessary to give any notice, other than such notice as may be herein expressly required. Such rights and remedies as are given to the Authority hereunder shall also extend to the Trustee, and the Trustee may exercise any rights of the Authority under this Installment Purchase Agreement, and the Trustee and the Owners shall be deemed third party beneficiaries of all covenants and conditions herein contained.

No delay in exercising or omitting 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 such right and power may be exercised from time to time and as often as may be deemed expedient.

SECTION 8.04. Expenses on Default. If the Purchaser or the Medical Center should default under any of the provisions of this Installment Purchase Agreement and the Authority or the Trustee should employ attorneys or incur other expenses for the collection of the payments due hereunder, the Medical Center, acting on behalf of the Purchaser, agrees that it will on demand therefor pay to the Authority or the Trustee the reasonable fees of such attorneys and such other reasonable expenses so incurred by the Authority or the Trustee.

SECTION 8.05. Notice of Default. The Medical Center agrees that, as soon as is practicable, and in any event within ten (10) days of a Purchase Agreement Default, the Medical Center will furnish the Trustee notice of any event which is a Purchase Agreement Default pursuant to Section 8.01 hereof which has occurred and is continuing on the date of such notice, which notice shall set forth the nature of such event and the action which the Medical Center proposes to take with respect thereto.

SECTION 8.06. Assignment by Authority or Trustee. This Installment Purchase Agreement, including the right to receive payments required to be made by the Medical Center, acting on behalf of the Purchaser, hereunder and to compel or otherwise enforce performance by the Purchaser of its other obligations hereunder and thereunder, may be assigned and reassigned in whole or in part to one or more assignees or subassignees by the Authority or the Trustee at any time subsequent to its execution without the necessity of obtaining the consent of either the Medical Center or the City. The Authority expressly acknowledges that all right, title and interest of the Authority in and to this Installment Purchase Agreement (excluding the reserved rights of the Authority herein) has been assigned to the Trustee, as security for the Bonds under and as provided in the Trust Agreement, and that if any Purchase Agreement Default shall occur, the Trustee shall be entitled to act hereunder in the place and stead of the Authority.

ARTICLE IX

DISCHARGE OF OBLIGATIONS

SECTION 9.01. Discharge of Obligations.

(a) If the Purchaser, or the Medical Center on behalf of the Purchaser, shall pay or cause to be paid all the Installment Purchase Payments, all the Supplemental Payments and all other payments required hereunder at the times and in the manner provided herein, the right, title and interest of

the Authority herein and the obligations of the Purchaser and the Medical Center hereunder shall thereupon cease, terminate, become void and be completely discharged and satisfied.

(b) Any unpaid principal installment of the Installment Purchase Payments shall on its payment date or date of prepayment be deemed to have been paid within the meaning of and with the effect expressed in Section 9.01(a) hereof if the Purchaser makes payment of such Installment Purchase Payments and the prepayment premium, if applicable, in the manner provided herein.

(c) All or any portion of unpaid principal installments of the Installment Purchase Payments shall, prior to their payment dates or dates of prepayment, be deemed to have been paid within the meaning of and with the effect expressed in Section 9.01(a): if (i) notice or direction to redeem Bonds is provided to the Trustee as required by the Trust Agreement; and (A) there shall have been deposited with the Trustee either (A) cash (insured at all times by the Federal Deposit Insurance Corporation or otherwise collateralized with obligations described in clause (B) below or (B) direct obligations including obligations issued or held in book-entry form on the books of the Department of the Treasury of the United States of America, the interest on and principal of which when paid will provide cash which, together with cash, if any, deposited with the Trustee, shall be sufficient, in the opinion of an Independent Certified Public Accountant, to pay when due the principal and interest on the applicable Bonds or such portions thereof on and prior to their payment dates or their dates of prepayment, as the case may be, and the prepayment premiums, if any, applicable thereto and such Bonds or portions thereof are paid or deemed paid in accordance with Article X of the Trust Agreement.

ARTICLE X

MISCELLANEOUS

SECTION 10.01. Further Assurances. Each of the Medical Center and the City agrees that it will execute and deliver any and all such further agreements, instruments, financing statements or other assurances as may be reasonably necessary or requested by the Authority or the Trustee to carry out the intention or to facilitate the performance of this Installment Purchase Agreement, including, without limitation, to perfect and continue the security interests herein intended to be created.

SECTION 10.02. Notices. Any notice to or demand upon the Authority, the City, the Medical Center or the Trustee given hereunder shall be deemed to have been sufficiently given or served for all purposes by Electronic Notice or by being deposited, postage prepaid, in a post office letter box, addressed, as the case may be as follows:

If to the Authority:

El Centro Financing Authority
1275 Main Street
El Centro, California 92243
Attention: Executive Director
(760) 337-4543
Email: mpiedra@ci.el-centro.ca.us

If to the City:

City of El Centro
1275 Main Street
El Centro, California 92243
Attention: City Manager
(760) 337-4543
Email: mpiedra@ci.el-centro.ca.us

If to the Trustee: MUFG Union Bank, N.A.
 445 S. Figueroa Street, Suite 401
 Los Angeles, California 90071
 Attention: Corporate Trust Services
 Facsimile: (213) 972-5694
 Email: CashControlGroup-LosAngeles@unionbank.com

If to the Medical Center: El Centro Regional Medical Center
 1415 Ross Avenue
 El Centro, California 92243
 Attention: Chief Financial Officer
 (760) 370-3774
 Email: william.vannoy@ecrmc.org

SECTION 10.03. Governing Law. This Installment Purchase Agreement shall be construed in accordance with and governed by the Constitution and laws of the State applicable to contracts made and performed in the State.

SECTION 10.04. Waiver of Jury Trial. Each party hereto hereby irrevocably waives, to the fullest extent permitted by applicable law, any right it may have to a trial by jury in any legal proceeding directly or indirectly arising out of or relating to this Installment Purchase Agreement.

(a) If the Jury Trial Waiver set forth above is not enforceable, the parties elect to proceed under this Judicial Reference Provision.

(b) With the exception of the items specified in clause (c), below, any controversy, dispute or claim (each, a "Claim") between the parties arising out of or relating to this Installment Purchase Agreement 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 ("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 the county or district where the real property involved in the action, if any, is located or in the state or federal court in the county or district where venue is otherwise appropriate under applicable law (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 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. 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.

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, HIS OR HER 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 INSTALLMENT PURCHASE AGREEMENT, THE OBLIGATIONS UNDER THIS INSTALLMENT PURCHASE AGREEMENT OR THE TRUST AGREEMENT, OR THE OTHER DOCUMENTS.

SECTION 10.05. Binding Effect. This Installment Purchase Agreement shall inure to the benefit of and shall be binding upon the Authority, the City, the Medical Center and their respective successors and assigns.

SECTION 10.06. Severability of Invalid Provisions. If any one or more of the provisions contained in this Installment Purchase Agreement shall for any reason be held to be invalid, illegal or unenforceable in any respect, then such provision or provisions shall be deemed severable from the remaining provisions contained in this Installment Purchase Agreement and such invalidity, illegality or unenforceability shall not affect any other provision of this Installment Purchase Agreement, and this Installment Purchase Agreement shall be construed as if such invalid or illegal or unenforceable provision had never been contained herein. The Authority, the City and the Medical Center each hereby declares that it would have entered into this Installment Purchase Agreement and each and every other Section, paragraph, sentence, clause or phrase hereof irrespective of the fact that any one or more Sections, paragraphs, sentences, clauses or phrases of this Installment Purchase Agreement may be held illegal, invalid or unenforceable.

SECTION 10.07. Installment Purchase Agreement Represents Complete Agreement; Amendments. This Installment Purchase Agreement represents the entire agreement among the parties hereto.

(a) This Installment Purchase Agreement and the rights and obligations of the Purchaser, the Medical Center and the Authority hereunder may be amended in writing as may be mutually agreed by the Purchaser, the Medical Center and the Authority, with the written consent of the Owners of at least a majority in aggregate principal amount of Bonds Outstanding pursuant to the Trust Agreement and the owners or holders of at least a majority in aggregate principal amount of Parity Debt; provided, that no such amendment shall (i) extend the payment date of any Installment Purchase Payments, or reduce the amount of any Installment Purchase Payment without the prior written consent of the Owner of each Bond and each owner or holder of any Parity Debt so affected, or (ii) reduce the percentage of Bonds the consent of the Owners or the percentage of Parity Debt the consent of the owners or holders of which is required for the execution of any amendment of this Installment Purchase Agreement.

(b) This Installment Purchase Agreement and the rights and obligations of the Purchaser, the Medical Center and the Authority hereunder may also be amended at any time by an amendment hereof which shall become binding upon execution by the Purchaser, the Medical Center and the Authority, without the written consents of any Owners or any owners or holders of Parity Debt, but only for any one or more of the following purposes:

(i) to add to the covenants and agreements of the Purchaser, the Medical Center or the Authority contained in this Installment Purchase Agreement other covenants and agreements thereafter to be observed or to surrender any right or power herein or therein reserved to or conferred upon the Purchaser, the Medical Center or the Authority;

(ii) to make such provisions for the purpose of curing any ambiguity, inconsistency or omission, or of curing or correcting any defective provision contained in this Installment Purchase Agreement; and

(iii) in any other respect whatsoever as the Purchaser, the Medical Center and the Authority may deem necessary or desirable, provided that such amendment does not materially adversely affect the interests of the Owners of the Bonds or the owners or holders of any Parity Debt.

SECTION 10.08. Execution of Counterparts. This Installment Purchase Agreement may be executed in any number of counterparts; each of which shall for all purposes be deemed to be an original and all of which together shall constitute but one and the same instrument.

SECTION 10.09. Term of Installment Purchase Agreement. Except as otherwise provided herein, this Installment Purchase Agreement shall remain in full force and effect from the date of execution hereof until no Bonds remain Outstanding under the Trust Agreement.

SECTION 10.10. Waiver of Personal Liability. No member, officer, agent or employee of the Authority, no councilmember, officer, agent or employee of the City and no member of the governing body, officer, agent or employee of the Medical Center shall be individually or personally liable for the payment of the Installment Purchase Payments, the Supplemental Payments or any other payments required hereunder or for the payment of any principal (or Redemption Price) and interest on the Bonds or shall be subject to any personal liability or accountability by reason of execution and delivery of this Installment Purchase Agreement, but nothing contained herein shall relieve any such councilmember, member of the governing body, officer, agent or employee from the performance of any official duty provided by any applicable provisions of law or by this installment Purchase Agreement.

[Remainder of page intentionally left blank.]

IN WITNESS WHEREOF, the parties hereto have executed this Installment Purchase Agreement by their officers thereunto duly authorized as of the day and year first written above.

CITY OF EL CENTRO

By _____
Mayor

(Seal)

Attest

By _____
City Clerk

EL CENTRO REGIONAL MEDICAL CENTER

By _____
President of the Board of Trustees

Attest

By _____
Secretary

EL CENTRO FINANCING AUTHORITY

By _____
Chair

Attachment: Installment Purchase Agreement - 2018 El Centro Regional Medical Center... (2673 : ECRMC Bond Refinancing)

EXHIBIT A
SERIES 2018 INSTALLMENT PURCHASE PAYMENT SCHEDULE
(SERIES 2018 BONDS)*

(See attached.)

* Payment to be made in monthly installments pursuant to Section 4.01 of this Installment Purchase Agreement.

EXHIBIT B

DESCRIPTION OF THE SERIES 2018 MEDICAL CENTER PROJECTS

Central Utility Plant. The Central Utility Plant upgrade involved the replacement of generators and chillers, modification of utility lines, and the addition of a new data center to support Information Technology infrastructure. The work on the Central Utility Plant was completed in 2016 and forms the backbone for the future expansion of the Medical Center campus. With the enhanced infrastructure and physical plant, the Medical Center is well-positioned for the addition of the Medical Office Building and the construction of the Ancillary Services Building. Financed with a portion of the proceeds of the Series 2015 Bonds.

Medical Office Building. The Medical Center began construction on the Medical Office Building in February 2017 and the construction process is more than 85% completed. The Medical Center expects that the Medical Office Building will be open to patients in July 2018, subject to licensing approvals. The Medical Center building is a two-story structure of approximately 43,000 square feet located on the Medical Center campus. Once open, the Medical Office Building will house physicians affiliated with the UC San Diego Health System and School of Medicine who will treat patients in the areas of oncology, general surgery, orthopedic surgery, colorectal surgery, urology, and pulmonology. The services will be provided under the Medical Center's license as outpatient departments of the Hospital. The Medical Office Building will also house the Medical Center's Outpatient Imaging (radiology) Department, and the Medical Center's Oncology, Hematology, and Infusion Center. In addition, the Medical Center intends to lease some of the space in the Medical Office Building to physicians whose practices are in El Centro, including a pediatrician. Finally, the Medical Office Building will house Hospital administrative offices and space that can be used for community health education programs. In the process of being financed with a portion of the proceeds of the Series 2015 Bonds.

Ancillary Services Building. The Ancillary Services Building will be a 29,000 square foot facility that will house the Medical Center's administrative offices, pharmacy, central sterile processing laboratory, materials management department, dietary services department, morgue facility, and medical records department. The construction of the Ancillary Services Building is expected to be the only new construction portion of the Project that will be required to achieve seismic compliance under SB 306 by 2020. The plans for the construction of the Ancillary Services Building were approved by the California Office of Statewide Health Planning and Development in 2014. As part of the Ancillary Services Building construction, it will be necessary for the Medical Center to build temporary laboratory space in order to prevent disruption in patient care while the new central sterile processing laboratory in the Ancillary Services Building is built. The Medical Center currently anticipates that approximately \$23,700,000 of the proceeds of the Series 2018 Bonds will be used for the construction of the Ancillary Services Building, and that approximately \$3,000,000 of the proceeds will be used for the temporary laboratory space.

Emergency Department Expansion. The expansion includes building new drop-off areas at the public entrance to the Emergency Department to increase efficiency for patients arriving at the Hospital and accessing providers. Inside of the Emergency Department, 12 new exam bays with triage areas and large waiting rooms will be built to address current congestion in the Emergency Department. Part of the existing Emergency Department will be re-configured in order to improve patient flow and throughput. The Medical Center currently anticipates that approximately \$6,600,000 of the proceeds of the Series 2018 Bonds will be used for the expansion of the Emergency Department.

Boiler Room and Medical Air and Vacuum Upgrades. These upgrades will allow consolidation of all heating, ventilation, and air conditioning functions into one central location, including replacing old

boilers in other buildings on the Medical Center campus. These upgrades are designed to enhance the medical air and vacuum capabilities of the Hospital to support the expanded Emergency Department and the rest of the buildings on the Medical Center campus. The Medical Center currently anticipates that approximately \$8,125,000 of the proceeds of the Series 2018 Bonds will be used for the boiler room and medical air and vacuum upgrades.

Existing Building Upgrades. The Medical Center is looking toward future State statutory seismic performance requirements such as SPC-4D, which allows hospitals to upgrade existing buildings in order to meet the 2030 seismic compliance deadline. By meeting the requirements of SPC-4D, the Medical Center can avoid new construction and instead make structural modifications on new buildings to comply with State seismic safety standards. These upgrades will include replacing existing roof diaphragms and constructing new roof and new mechanical systems in the following Medical Center buildings: North Wing, West Addition, Central Wing, and Labor and Delivery building. The existing building upgrades are also designed to result in restoring 12 women health services postpartum beds and upgrading four neonatal intensive care unit (“NICU”) beds. The Medical Center currently anticipates that approximately \$2,500,000 of the proceeds of the Series 2018 Bonds will be used for existing building upgrades.

EXHIBIT C**DESCRIPTION OF FACILITIES**

“Facilities” means the real property described in the legal description attached to this Exhibit C and all buildings and structures thereon and fixtures and improvements thereto, whether now existing or hereafter constructed, installed or acquired.

(See attached legal description.)

Norton Rose Fulbright US LLP – Draft 3/28/18

INVESTOR LETTER

\$125,000,000

El Centro Financing Authority
Hospital Revenue Refunding Bonds
(El Centro Regional Medical Center Project)
Series 2018

El Centro Financing Authority
1275 Main Street
El Centro, CA 92243

El Centro Regional Medical Center
1415 Ross Avenue
El Centro, CA, 92243

City of El Centro
1275 Main Street
El Centro, CA 92243

KeyBanc Capital Markets Inc.
1 California Street, suite 2400
San Francisco, CA 94111

Ladies and Gentlemen:

The undersigned, being the purchaser (the “Purchaser”) of all of the \$125,000,000 El Centro Financing Authority Hospital Revenue Refunding Bonds (El Centro Regional Medical Center Project) Series 2018 (the “Series 2018 Bonds”), does hereby certify, represent and warrant for the benefit of KeyBanc Capital Markets Inc., the El Centro Financing Authority, the City of El Centro, California and the El Centro Regional Medical Center as provided in this “Investor Letter.” Capitalized terms used and not defined herein shall have the meanings ascribed to such terms in the Trust Agreement, dated as of April 1, 2018, by and between the Authority and the MUFG Union Bank, N.A., as trustee.

i. the Purchaser has authority to purchase the Series 2018 Bonds and to execute this Investor Letter and any other instruments, certificates and documents the Purchaser is required to execute and deliver in connection with the purchase of the Series 2018 Bonds;

ii. at the time the Purchaser was offered the Series 2018 Bonds, it was, and on the date it purchases the Series 2018 Bonds, it is, a Qualified Institutional Buyer;

iii. the Purchaser is not a broker-dealer registered under the Securities Exchange Act of 1934, as amended, or an entity engaged in the business of being a broker-dealer;

iv. the Purchaser understands that (a) the Series 2018 Bonds are not registered under the Securities Act of 1933, (b) such registration is not legally or contractually required as of the date hereof, and (c) the Authority and its affiliates have no intention to cause the Series 2018 Bonds to be registered under the Securities Act of 1933 in the future.

v. the Purchaser understands that the Series 2018 Bonds (a) are not being registered or otherwise qualified for sale under the “Blue Sky” laws and regulations of any state or other jurisdiction, (b) will not be listed in any stock or other securities exchange, (c) will not carry a

Attachment: Investor Letter - 2018 El Centro Regional Medical Center (2673 : ECRMC Bond Refinancing)

rating from any rating service, (d) will be assigned CUSIP numbers, (e) will be issued as fully registered bonds in book-entry form only, registered in the name of Cede & Co. as nominee of The Depository Trust Company, New York, New York, and (f) will be delivered in a form that may not be readily marketable.

vi. the Series 2018 Bonds will be acquired by the Purchaser for investment purposes only for the Purchaser's own account, not as a nominee or agent, and not with a view to the resale or distribution of any part thereof, and (a) the Purchaser has no present intention of selling, granting any participation in, or otherwise distributing the Series 2018 Bonds or any interest therein, (b) the Purchaser does not currently have any contract, undertaking, agreement, or arrangement with any person to sell, transfer, or grant participations to any such person or to any third-party, with respect to any of the Series 2018 Bonds or any interest therein, and (iii) the Purchaser acknowledges that it has the right to sell, transfer and assign the Series 2018 Bonds only in compliance with Section 2.05 of the Trust Agreement and applicable law;

vii. unless and until S&P Global Ratings, Moody's Investors Service, Fitch Ratings or Kroll Bond Rating Agency has assigned the Series 2018 Bonds an investment grade rating (i.e., "BBB" or "Baa") the Purchaser will not transfer or sell any of the Series 2018 Bonds other than to Qualified Institutional Buyers or Accredited Investors;

viii. the Purchaser has such knowledge, sophistication, and experience in business and financial matters so as to be capable of evaluating the merits and risks of its investment in the Series 2018 Bonds and has so evaluated the merits and risks of such investment and is able to afford a complete loss of its investment in the Series 2018 Bonds; and

ix. the Purchaser understands that it may be required to bear the economic risk of its investment in the Series 2018 Bonds indefinitely.

The Purchaser acknowledges that the sale of the Series 2018 Bonds to the Purchaser is made in reliance upon the certifications, representations and warranties herein.

PRESTON HOLLOW CAPITAL, LLC, as
Purchaser

By: _____
Name: _____
Title: _____

LIMITED OFFERING MEMORANDUM**NEW ISSUE—BOOK-ENTRY ONLY****NO RATING**

In the opinion of Norton Rose Fulbright US LLP, Bond Counsel, under existing law interest on the Series 2018 Bonds (as defined herein) is exempt from personal income taxes of the State of California and, assuming compliance with the tax covenants herein, interest on the Series 2018 Bonds is excluded pursuant to section 103(a) of the Internal Revenue Code of 1986 from the gross income of the owners thereof for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum income tax. See “TAX MATTERS” herein.

\$125,000,000

**El Centro Financing Authority
Hospital Revenue Refunding Bonds
(El Centro Regional Medical Center Project)
Series 2018**

Dated: Date of Delivery**Due: July 1, as shown on inside cover**

The El Centro Financing Authority Hospital Revenue Refunding Bonds (El Centro Regional Medical Center Project) Series 2018 (the “Series 2018 Bonds”) in the aggregate principal amount of \$125,000,000 are being issued pursuant to the Marks-Roos Local Bond Pooling Act of 1985, constituting Article 4 of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California (the “Act”), and a Trust Agreement, dated as of April 1, 2018 (the “Trust Agreement”), by and between the El Centro Financing Authority, a public entity duly organized and existing as a joint exercise of powers authority under and by virtue of the laws of the State of California (the “Authority”) and MUFG Union Bank, N.A., as trustee (the “Trustee”). The proceeds of the sale of the Series 2018 Bonds will be used by the Authority to (i) refund all of the Authority’s outstanding \$25,000,000 Hospital Revenue Refunding Bonds (El Centro Regional Medical Center Project) Series 2015A and \$25,000,000 Hospital Revenue Refunding Bonds (El Centro Regional Medical Center Project) Series 2015B (collectively, the “Refunded Bonds”); (ii) finance additional improvements to the Medical Center, as described herein, (iii) fund a Bond Reserve Account for the Series 2018 Bonds; and (iv) pay costs of issuance of the Series 2018 Bonds. See “ESTIMATED SOURCES AND USES OF FUNDS” and “PLAN OF FINANCE” herein.

The Series 2018 Bonds will bear interest at the rates set forth in the inside cover page. Interest on the Series 2018 Bonds will be payable on each January 1 and July 1 in each year, commencing July 1, 2018. The Series 2018 Bonds will be issued as fully registered bonds without coupons in the denominations of \$100,000 or any integral multiple of \$5,000 in excess thereof. The Series 2018 Bonds will be registered in the name of Cede & Co., as holder of the Series 2018 Bonds and nominee for The Depository Trust Company (“DTC”). Purchasers will not receive physical certificates representing their interest in the Series 2018 Bonds purchased. See APPENDIX F – “BOOK-ENTRY SYSTEM.”

The Series 2018 Bonds will be subject to redemption prior to their maturity, as described herein. See “THE SERIES 2018 BONDS – Redemption of Series 2018 Bonds.”

The Series 2018 Bonds are limited obligations of the Authority payable as provided in the Trust Agreement, as described herein. None of the State of California (the “State”), the City of El Centro, California (the “City”) or the Authority shall be obligated to pay the principal of, redemption premium, if any, or the interest on the Series 2018 Bonds, except from Revenues received by the Authority and certain funds available pursuant to the Trust Agreement. Revenues generally mean all amounts received by the Authority or the Trustee from the Medical Center pursuant to the Installment Purchase Agreement. The obligation of the City, acting through the Medical Center, to make the Installment Purchase Payments and any other payments required under the Installment Purchase Agreement is a special limited obligation of the City payable solely from the Gross Revenues of the Medical Center, and does not constitute a debt of the City or of the State or of any political subdivision thereof within the meaning of any constitutional or statutory debt limitation or restriction. Gross Revenues, as further defined herein, means all revenues, income, receipts and money received in any period by the Medical Center (other than donor-restricted gifts, grants, bequests, donations, contributions, and tax revenues, if any). Neither the faith and credit nor the taxing power of the City or State or any political subdivision thereof is pledged to the payment of the principal of, redemption premium, if any, or interest on the Series 2018 Bonds. The Authority has no taxing power. In the event of a default, the Series 2018 Bonds shall have no legal claim to, and are not payable from, amounts held in the General Fund of the City.

This cover page contains certain information for general reference only. It is not a summary of the security or terms of this issue. Investors must read the entire Limited Offering Memorandum to obtain

information essential to make an informed investment decision with respect to the Series 2018 Bonds. Capitalized terms used on this cover page not otherwise defined shall have the meanings set forth herein.

The Series 2018 Bonds are offered when, as and if issued and received by the Underwriter, subject to the approval of validity by Norton Rose Fulbright US LLP, Los Angeles, California, Bond Counsel to the Authority, and certain other conditions. Certain legal matters will be passed on for the Authority and the City by its Counsel, Elizabeth Martyn, and by its Disclosure Counsel, Norton Rose Fulbright US LLP, Los Angeles, California, for the Medical Center by Sheppard, Mullin, Richter & Hampton LLP, San Diego, California and for the Underwriter by its counsel, Greenberg Traurig, LLP, Boston, Massachusetts. It is anticipated that the Series 2018 Bonds will be available for delivery through the book-entry facilities of DTC on or about April 19, 2018.

KeyBanc Capital Markets Inc.

Dated: April 4, 2018

MATURITY SCHEDULE

\$125,000,000
El Centro Financing Authority
Hospital Revenue Refunding Bonds
(El Centro Regional Medical Center Project)
Series 2018

Maturity Date <u>(July 1)</u>	Principal <u>Amount</u>	Interest <u>Rate</u>	<u>Price</u>	<u>Yield</u>	CUSIP[†] <u>(Base No.)</u>

[†] CUSIP is a registered trademark of the American Bankers Association. CUSIP Global Services (CGS) is managed on behalf of the American Bankers Association by S&P Global Market Intelligence. Copyright © 2018 CUSIP Global Services. All rights reserved. The CUSIP numbers are not intended to create a database and do not serve in any way as a substitute for CUSIP service. CUSIP numbers have been assigned by an independent company not affiliated with the Authority and are provided solely for convenience and reference. The CUSIP numbers for a specific maturity are subject to change after the issuance of the Series 2018 Bonds. None of the Authority, the City, the Medical Center, the Underwriter, the Trustee or the Municipal Advisor are responsible for the selection or accuracy of the CUSIP numbers set forth herein.

No dealer, salesman or any other person has been authorized by the El Centro Financing Authority (the “Authority”), the City of El Centro (the “City”) or the El Centro Regional Medical Center (the “Medical Center”) to give any information or to make any representations, other than those contained in this Limited Offering Memorandum, and, if given or made, such other information or representations must not be relied upon as having been authorized by the Authority, the City or the Medical Center.

This Limited Offering Memorandum does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the Series 2018 Bonds by a person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale. This Limited Offering Memorandum is not to be construed as a contract with the purchasers of the Series 2018 Bonds. Neither the delivery of this Limited Offering Memorandum nor the sale of any of the Series 2018 Bonds implies that the information herein is correct as of any time subsequent to the date hereof. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Limited Offering Memorandum nor any sale made hereunder shall, under any circumstances, create the implication that there has been no change in the matters described herein since the date hereof. This Limited Offering Memorandum is submitted in connection with the sale of securities referred to herein and may not be reproduced or be used, as a whole or in part, for any other purpose.

The information set forth herein has been obtained from the Authority, the City and the Medical Center and other sources believed to be reliable. The information and expressions of opinions herein are subject to change without notice and neither delivery of the Limited Offering Memorandum nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Authority, the City and the Medical Center since the date hereof. All summaries contained herein of the Trust Agreement (as defined herein) or other documents are made subject to the provisions of such documents and do not purport to be complete statements of any or all of such provisions. All statements made herein are made as of the date of this document by the Authority, the City and the Medical Center except statistical information or other statements where some other date is indicated in the text.

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

In connection with the offering of the Series 2018 Bonds and any reoffering, the Underwriter may over-allot or effect transactions which stabilize or maintain the market price of the Series 2018 Bonds at a level above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time. The Underwriter in connection with any reoffering may offer and sell the Series 2018 Bonds to certain dealers, institutional investors and others at prices lower than the public offering prices stated on the inside cover page hereof and such public offering prices may be changed from time to time by the Underwriter.

FORWARD-LOOKING STATEMENTS

Certain statements included, referred to or incorporated by reference in this Limited Offering Memorandum constitute forward-looking statements. Such statements are generally identifiable by the terminology used such as “plan,” “expect,” “estimate,” “project,” “budget” or other similar words. The achievement of certain results or other expectations contained in such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Some of these risks are described in the section below entitled “Risk Factors.” No assurance is given that actual results will meet the forecasts of the Authority, the City or the Medical Center in any way, regardless of the level of optimism communicated in the information. None of the Authority, the City or the Medical Center is obligated to issue any updates or revisions to the forward-looking statements if or when its expectations, or events, conditions or circumstances on which such statements are based occur.

EL CENTRO FINANCING AUTHORITY BOARD MEMBERS

City Council and Authority Governing Board

Cheryl Viegas-Walker
Edgard Garcia
Alex Cardenas
Jason Jackson
Efrain Silva

Mayor/Chairperson
Mayor Pro Tem/Board Member
Council Member/Board Member
Council Member/Board Member
Council Member/Board Member

EL CENTRO REGIONAL MEDICAL CENTER BOARD MEMBERS

Joe Picazo Jr.
Cheryl Viegas-Walker
Amanda Brooke
Oliver Alvarado
Efrain Silva
Patricia Maysent
Christian Tomaszewski, M.D.
Elias Moukarzel, M.D.

President
Vice President
Secretary
Board Member
Board Member/Council Member
Board Member/UCSD Representative
Board Member/UCSD Representative
Chief of the Medical Staff/Honorary Board Member

MANAGEMENT

City Management

Marcela Piedra, Deputy City Manager and
City Treasurer
Diane Caldwell, City Clerk
Leticia Salcido, Director of Finance

Medical Center Management

Adolphe Edward, DHA, Chief Executive Officer
Elias Moukarzel, M.D., Chief of the Medical Staff
Tyler Salcido, Chief Financial Officer
Cristina Valdes, Controller

SPECIAL SERVICES

Bond Counsel and Disclosure Counsel

Norton Rose Fulbright US LLP
Los Angeles, California

Municipal Advisor
Wulff Hansen & Co.
Los Angeles, California

Trustee
MUFG Union Bank, N.A.
Los Angeles, California

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LIMITED OFFERING MEMORANDUM

\$125,000,000
El Centro Financing Authority
Hospital Revenue Refunding Bonds
(El Centro Regional Medical Center Project)
Series 2018

INTRODUCTION

This Limited Offering Memorandum, which includes the cover page and the appendices hereto, sets forth certain information in connection with the offering by the El Centro Financing Authority (the “Authority”) of \$125,000,000 principal amount of its Hospital Revenue Refunding Bonds (El Centro Regional Medical Center Project), Series 2018 (the “Series 2018 Bonds”).

General

The Series 2018 Bonds are being issued pursuant to the Marks-Roos Local Bond Pooling Act of 1985, constituting Article 4 of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California (the “Act”), and a Trust Agreement, dated as of April 1, 2018 (the “Trust Agreement”), by and between the Authority and MUFG Union Bank, N.A., as trustee (the “Trustee”).

The proceeds of the sale of the Series 2018 Bonds will be used by the Authority to (i) refund all of the Authority’s outstanding \$25,000,000 Hospital Revenue Refunding Bonds (El Centro Regional Medical Center Project) Series 2015A (the “Series 2015A Bonds”) and \$25,000,000 Hospital Revenue Refunding Bonds (El Centro Regional Medical Center Project) Series 2015B (the “Series 2015B Bonds” and, together with the Series 2015A Bonds, the “Refunded Bonds”); (ii) finance additional improvements to the Medical Center, (iii) fund a Bond Reserve Account for the Series 2018 Bonds; and (iv) pay costs of issuance of the Series 2018 Bonds. See “ESTIMATED SOURCES AND USES OF FUNDS” and “PLAN OF FINANCE” herein.

The term “Bonds” herein means the Series 2018 Bonds and any other El Centro Financing Authority Hospital Revenue Bonds (El Centro Regional Medical Center Project) authorized by, and at any time Outstanding under, the Trust Agreement. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2018 BONDS – Additional Bonds.” All capitalized terms used and not otherwise defined herein shall have the meanings assigned to such terms in APPENDIX D – “FORM OF TRUST AGREEMENT AND INSTALLMENT PURCHASE AGREEMENT.”

Investor Letter

The initial purchaser of the Series 2018 Bonds is required to sign the investor letter set forth in APPENDIX H before the Series 2018 Bonds are delivered.

The Authority

The Authority was established pursuant to a Joint Exercise of Powers Agreement dated July 1, 1996 (the “Joint Powers Agreement”), by and between the City and the Redevelopment Agency of the City of El Centro (the “Redevelopment Agency”). The Successor Agency to the Redevelopment Agency of the City of El Centro (the “Successor Agency”) has succeeded the Redevelopment Agency as a member of the Authority. The Joint Powers Agreement was entered into pursuant to the provisions of Articles 1, 2 and 4, Chapter 5, Division 7, Title 1 of the Government Code of the State of California. The Authority was created to assist in the financing and refinancing of certain programs and projects of the City, and for the purpose of aiding in the financing of capital improvements. The Authority is a public agency separate and apart from the City and the Successor Agency.

The Authority is administered by a governing board comprised of the Mayor and the members of the City Council of the City. The Authority has no independent staff. The City Manager of the City serves as the Executive Director of the Authority. The City Treasurer (who also is the City Manager) is the Treasurer of the Authority. The Treasurer has custody of all money of the Authority from whatever source.

The City

The City of El Centro, California (the “City”) is located in the County of Imperial, California (the “County”) in the southeast corner of the State of California (the “State”). The City is located approximately 117 miles east of the city of San Diego, 60 miles west of Yuma, Arizona and twelve miles north of the Mexican border. The Imperial Valley, of which the City is the major urban area, has been developed from an arid desert into what the City believes to be one of the richest and most productive agricultural regions in the United States. El Centro was incorporated on April 16, 1908 as a general law city. On November 3, 2009, the electorate of El Centro ratified and approved a City Charter which became effective on February 12, 2010. The City has a Council/Manager form of government. The City Council is made up of five members who are elected to four year overlapping terms at elections held every two years. The City Manager is appointed by the City Council.

The Medical Center

The El Centro Regional Medical Center (the “Medical Center”), a municipal hospital, separate agency and enterprise operation of the City duly organized and existing under and by virtue of the laws of the State, including Article 7 (commencing with Section 37600) of Chapter 5 of Part 2 of Division 3 of Title 4 of the Government Code of the State. See APPENDIX C – “CITY OF EL CENTRO DEMOGRAPHIC AND ECONOMIC INFORMATION.”

The Series 2018 Bonds

Interest on the Series 2018 Bonds will be payable on each January 1 and July 1 in each year, commencing July 1, 2018. The Series 2018 Bonds will be issued as fully registered bonds without coupons in the denominations of \$100,000 or any integral multiple of \$5,000 in excess thereof. The Series 2018 Bonds will be registered in the name of Cede & Co., as holder of the Series 2018 Bonds and nominee for The Depository Trust Company (“DTC”). Purchasers will

not receive physical certificates representing their interest in the Series 2018 Bonds purchased. See APPENDIX F – “BOOK-ENTRY SYSTEM.”

The Series 2018 Bonds will be subject to redemption prior to their maturity, as described herein. See “THE SERIES 2018 BONDS – Redemption of Series 2018 Bonds.”

Security for the Series 2018 Bonds

Pledge of Revenues under the Trust Agreement. The Series 2018 Bonds are payable from and secured by Revenues received by the Trustee under the Trust Agreement. “Revenues” means Installment Purchase Payments (including both timely and delinquent payments and any late charges, regardless of source) received by the Authority or the Trustee pursuant to the Installment Purchase Agreement, but not including (1) any amounts received by the Authority or the Trustee as Administrative Fees and Expenses or (2) any amounts received by the Authority and the Trustee pursuant to rights of indemnification. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2018 BONDS” herein.

Limited Obligation of the Authority. The Series 2018 Bonds are limited obligations of the Authority payable as provided in the Trust Agreement, as described herein. None of the State, the City or the Authority shall be obligated to pay the principal of, redemption premium, if any, or the interest on the Series 2018 Bonds, except from Revenues received by the Authority and certain funds available pursuant to the Trust Agreement. Revenues generally mean all amounts received by the Authority or the Trustee from the Medical Center pursuant to the Installment Purchase Agreement.

Installment Purchase Payments. The obligation of the City, acting through the Medical Center, to make the Installment Purchase Payments and any other payments required under the Installment Purchase Agreement is a special limited obligation of the City payable solely from the Gross Revenues of the Medical Center, and does not constitute a debt of the City or of the State or of any political subdivision thereof within the meaning of any constitutional or statutory debt limitation or restriction. “Gross Revenues,” as further defined herein, means all revenues, income, receipts and money received in any period by the Medical Center (other than donor-restricted gifts, grants, bequests, donations, contributions, and tax revenues). Neither the faith and credit nor the taxing power of the City or State or any political subdivision thereof is pledged to the payment of the principal of, redemption premium, if any, or interest on the Series 2018 Bonds. The Authority has no taxing power. **In the event of a default, the Series 2018 Bonds shall have no legal claim to, and are not payable from, amounts held in the General Fund of the City.**

Bond Reserve Account

Under the Trust Agreement, a Bond Reserve Account will be established for the Series 2018 Bonds (the “Series 2018 Bond Reserve Account”), and held in trust by the Trustee. On the date of delivery of the Series 2018 Bonds (the “Closing Date”), the Trustee will deposit into the Series 2018 Bond Reserve Account \$_____ from the proceeds of the Series 2018 Bonds to satisfy the Series 2018 Bond Reserve Account Requirement. “Series 2018 Bond Reserve Account Requirement” means an amount equal to the least of (i) the Maximum Annual Debt

Service on the Series 2018 Bonds, (ii) 10% of the issue price of the Series 2018 Bonds as determined under the Code (or, if the issue price includes less than 2% original issue discount or premium, then 10% of the stated principal amount), or (iii) 125% of the average Annual Debt Service on the Series 2018 Bonds. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2018 BONDS” herein.

The Series 2018 Bond Reserve Account will not secure any other obligations or Bonds, other than the Series 2018 Bonds.

Additional Indebtedness

Under certain conditions set forth in the Installment Purchase Agreement, the Medical Center may in the future issue additional indebtedness, including indebtedness secured on a parity with the Series 2018 Bonds and additional indebtedness under capital leases secured by certain property of the Medical Center. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2018 BONDS – Additional Indebtedness” herein.

Continuing Disclosure

The City and the Medical Center will covenant for the benefit of the Beneficial Owners of the Series 2018 Bonds to provide certain financial information and operating data relating to the Medical Center and notices of the occurrence of certain enumerated events to the Municipal Securities Rulemaking Board (the “MSRB”) pursuant to a Continuing Disclosure Agreement (the “Continuing Disclosure Agreement”) to be entered into with Willdan Financial Services, the dissemination agent with respect to the Series 2018 Bonds. The covenants in the Continuing Disclosure Agreement are being made in order to assist the Underwriter of the Series 2018 Bonds in complying with Rule 15c2-12, as amended (“Rule 15c2-12”) of the U.S. Securities and Exchange Commission (“SEC”) promulgated under the Securities Exchange Act of 1934, as amended (the “Exchange Act”). See “CONTINUING DISCLOSURE” herein and APPENDIX E – “FORM OF CONTINUING DISCLOSURE AGREEMENT.”

References

The descriptions and summaries of the Trust Agreement, the Installment Purchase Agreement and various other documents hereinafter set forth do not purport to be comprehensive or definitive, and reference is made to each such document for the complete details of all terms and conditions. All statements herein are qualified in their entirety by reference to each such document, copies of which are available for inspection at the offices of the City.

THE SERIES 2018 BONDS

General

The Series 2018 Bonds will mature on July 1 in the years and in the principal amounts shown on the inside cover of this Limited Offering Memorandum. Interest on the Series 2018 Bonds will be payable on each January 1 and July 1, commencing July 1, 2018, and will be computed based on a 360 day year, comprised of twelve 30-day months (provided that upon the

occurrence and during the continuance of an Event of Default or a Determination of Taxability the interest rate on each Series 2018 Bond shall increase by 5.0% per annum).

Interest is payable by check mailed by first class mail on each Interest Payment Date to the registered owner hereof as of the fifteenth (15th) day of the month preceding each Interest Payment Date (each a “Record Date”) (except with respect to defaulted interest, for which a Special Record Date shall be established) at the address shown on the registration book maintained by the Trustee or, at the written request of any registered owner of at least one million dollars (\$1,000,000) in aggregate principal amount of Series 2018 Bonds received by the Trustee prior to the applicable Record Date, by wire transfer to an account within the United States in accordance with the provisions of the Trust Agreement.

The Series 2018 Bonds will be issued as fully registered bonds without coupons in the denominations of \$100,000 or any integral multiple of \$5,000 in excess thereof. DTC will act as the initial securities depository for the Series 2018 Bonds, which will be issued initially pursuant to a book-entry only system. See APPENDIX F – “BOOK-ENTRY SYSTEM.” Under the Trust Agreement, the Authority may appoint a successor securities depository to DTC for the Series 2018 Bonds. The information under this caption, “THE SERIES 2018 BONDS,” is subject in its entirety to the provisions described in APPENDIX F – “BOOK-ENTRY SYSTEM” while the Series 2018 Bonds are in DTC’s book-entry system.

Redemption of Series 2018 Bonds

Optional Redemption. Except pursuant to the provisions described below under the heading “THE SERIES 2018 BONDS - Redemption of Series 2018 Bonds - *Extraordinary Redemption*,” “- *Mandatory Redemption*” and “- *Determination of Taxability*,” the Series 2018 Bonds maturing before July 1, 2026 are not subject to redemption prior to maturity. The Series 2018 Bonds maturing on and after July 1, 2026 are subject to redemption prior to maturity in whole, or in part among maturities as determined by the Authority (which option shall be exercised as directed by the Authority) on any date, from any available source of funds, at the redemption prices (expressed as a percentage of the principal amount of the Series 2018 Bonds redeemed) set forth below, together with accrued and unpaid interest thereon to the redemption date, if redeemed during the redemption period indicated below.

<u>Redemption Period</u>	<u>Redemption Price</u>
July 1, 2026 to June 30, 2027	104.50%
July 1, 2027 to June 30, 2028	103.00
July 1, 2028 to June 30, 2029	101.50
On and after July 1, 2029	100.00

Mandatory Redemption. The Series 2018 Bonds are also subject to mandatory redemption prior to their stated maturity in part by lot from Mandatory Sinking Account Payments in accordance with the following schedule, on July 1 of the years and in the principal amounts thereof, together with interest accrued and unpaid thereon to the date fixed for redemption, without premium.

Year July 1	Mandatory Sinking Account Payment	Year July 1	Mandatory Sinking Account Payment
	\$		\$

†

†

† Maturity.

Extraordinary Redemption. [The proceeds of insurance maintained by the Medical Center against loss or damage by fire, lightning, vandalism, malicious mischief and all other risks covered by the extended coverage insurance endorsement then in use in the State or against loss or damage by risks covered by builders' risk insurance, and the proceeds of any condemnation awards with respect to the Facilities, shall be paid immediately upon receipt by the Medical Center or other named insured parties to the Trustee, as assignee of the Authority, for deposit in the Insurance and Condemnation Proceeds Fund. If the Medical Center shall elect not to repair or replace the property damaged, destroyed or taken, as provided in in the Trust Agreement, the Trustee shall transfer all amounts in the Insurance and Condemnation Proceeds Fund on account of such damage, destruction or condemnation to the Special Redemption Account to prepay the Installment Purchase Payments and redeem Bonds; provided, that if any Parity Debt is then outstanding, any such transfer from the Insurance and Condemnation Proceeds Fund shall be deposited in part in the Special Redemption Account and in part in such other fund or account as may be appropriate (and used for the retirement of such Parity Debt) in the same proportion which the aggregate principal amount of Outstanding Bonds then bears to the aggregate unpaid principal amount of such Parity Debt. "Parity Debt" means Long-Term Indebtedness that is incurred by the City on behalf of the Medical Center or by the Medical Center directly (to the extent permitted under the Installment Purchase Agreement) that is secured equally and ratably with the Series 2018 Installment Purchase Payments by a lien on and security interest in the Gross Revenues.]

Refunding Plan Upon Determination of Taxability. Notwithstanding anything else herein, upon a Determination of Taxability, the Medical Center agrees to use its best efforts to do the following to complete a special redemption of the Series 2018 Bonds:

(1) Within thirty (30) days of the Determination of Taxability (or such later date acceptable to the Owners of a majority in aggregate principal amount of the Series 2018 Bonds) (the "Majority Owners"), develop and deliver to the Majority Owners, the City and the Medical Center for approval, a plan of refunding for the Series 2018 Bonds at a redemption price of 107% prior to July 1, 2026 and thereafter at the redemption price set forth in Section 4.01(b), plus accrued interest thereon (the "Refunding Plan");

(2) Within sixty (60) days of the Event of Taxability (or such later date acceptable to the Majority Owners), submit the Refunding Plan to the Authority for approval and request that the Authority to issue refunding bonds or otherwise cause the refinancing of the Series 2018 Bonds in accordance with such Refunding Plan; and

- (3) As soon as reasonably practicable following completion of items (1) and (2) above, cause the Authority to implement any approved Refunding Plan.

Selection of Bonds for Redemption. Whenever provision is made in the Trust Agreement for the redemption of less than all of the Series 2018 Bonds or any given portion thereof, the Trustee shall select the Series 2018 Bonds to be redeemed, from all Series 2018 Bonds subject to redemption or such given portion thereof not previously called for redemption among maturities as selected by the Authority and by lot within maturities. The Trustee shall promptly notify the Authority and the City in writing of the Series 2018 Bonds or portions thereof so selected for redemption.

Notice of Redemption. Notice of redemption shall be mailed by first class mail by the Trustee, not less than twenty (20) nor more than sixty (60) days prior to the redemption date to the respective Owners of any Series 2018 Bond designated for redemption at their addresses appearing on the bond registration books of the Trustee, the Authority and the Information Services. Notice of redemption shall also be given by telecopy, certified, registered, or overnight mail to the Securities Depositories, if applicable. Notice of redemption of Series 2018 Bonds shall be given by the Trustee, at the expense of the Medical Center, for and on behalf of the Authority. Each notice of redemption shall state the redemption date, the place or places of redemption, the Series 2018 Bonds to be redeemed, the maturities, the date of issue of the Series 2018 Bonds, the CUSIP number (if any) of the maturity or maturities and, if less than all of any such maturity, the distinctive numbers (or inclusive ranges of distinctive numbers) of the Series 2018 Bonds of such maturity, to be redeemed and, in the case of Series 2018 Bonds to be redeemed in part only, the respective portions of the principal amount thereof to be redeemed. Each such notice shall also state that on said date there will become due and payable on each of said Series 2018 Bonds the Redemption Price thereof or of said specified portion of the principal amount thereof in the case of a fully registered Series 2018 Bond to be redeemed in part only, together with interest accrued thereon to the redemption date, and that from and after such redemption date interest thereon shall cease to accrue, and shall require that such Series 2018 Bonds be then surrendered. Neither the Authority nor the Trustee shall have any responsibility for any defect in the CUSIP number that appears on any Series 2018 Bond or in any redemption notice with respect thereto, and any such redemption notice may contain a statement to the effect that CUSIP numbers have been assigned by an independent service for convenience of reference and that neither the Authority nor the Trustee shall be liable for any inaccuracy in such numbers.

Failure of the Trustee to give notice to an Owner or any defect in such notice shall not affect the validity of the redemption of any other Series 2018 Bonds. Failure of the Trustee to give notice pursuant to Trust Agreement to any one or more of the Information Services or Securities Depositories, or the insufficiency of such notices, shall not affect the sufficiency of the proceedings for redemption.

Any notice of redemption of the Series 2018 Bonds may be subject to one or more conditions precedent. If any notice of redemption is subject to one or more conditions precedent, any such redemption may be rescinded in whole and not in part at any time prior to the close of business on the Business Day prior to the redemption date if the Authority delivers written notice to the Trustee describing the failure of the condition in reasonable detail and rescinding the

redemption. The Authority shall promptly provide a copy of written notice to the Owners in the same manner in which the notice of redemption was given.

Partial Redemption of Series 2018 Bonds. Upon surrender of any Series 2018 Bond redeemed in part only, the Authority shall execute and the Trustee shall authenticate and make available for delivery to the registered owner thereof, at the expense of the Medical Center, a new Series 2018 Bond or Series 2018 Bonds of Authorized Denominations, and of the same maturity, equal in aggregate principal amount to the unredeemed portion of the Series 2018 Bond surrendered. “Authorized Denominations” means \$100,000 or any integral multiple of \$5,000 in excess thereof; provided, that if the Series 2018 Bonds are rated in an investment grade category by S&P Global Ratings, Moody’s Investors Service, Fitch Ratings or Kroll Bond Rating Agency after the Closing Date, upon written notification by an Authorized Authority Representative to the Trustee, Authorized Denominations shall mean \$5,000 or any integral multiple thereof.

Effect of Redemption. Notice of redemption having been duly given as aforesaid, and moneys for payment of the Redemption Price of, together with interest accrued to the redemption date on, the Series 2018 Bonds (or portions thereof) so called for redemption being held by the Trustee, on the redemption date designated in such notice, the Series 2018 Bonds (or portions thereof) so called for redemption shall become due and payable at the Redemption Price specified in such notice and interest accrued thereon to the redemption date, interest on the Series 2018 Bonds so called for redemption shall cease to accrue, said Series 2018 Bonds (or portions thereof) shall cease to be entitled to any benefit or security under the Trust Agreement, and the Owners of said Series 2018 Bonds shall have no rights in respect thereof except to receive payment of said Redemption Price and accrued interest to the date fixed for redemption.

PLAN OF FINANCE

The proceeds of the sale of the Series 2018 Bonds will be used by the Authority to (i) refund all of the Refunded Bonds; (ii) finance additional improvements to the Medical Center, (iii) fund a Bond Reserve Account for the Series 2018 Bonds; and (iv) pay costs of issuance of the Series 2018 Bonds. See “ESTIMATED SOURCES AND USES OF FUNDS” herein.

The Refunding

The Refunded Bonds will be currently refunded in full at their respective redemption prices on April 19, 2018, the date of issue of the Series 2018 Bonds.

The Project

For a description of the Project and procurement in connection with the Project, see APPENDIX A-1 – “INFORMATION CONCERNING THE EL CENTRO REGIONAL MEDICAL CENTER – The Project.”

ESTIMATED SOURCES AND USES OF PROCEEDS

The proceeds from the sale of the Series 2018 Bonds are expected to be applied as follows:

Sources of Funds:	
Principal Amount	\$
Discount	
Total Sources:	\$ _____
Uses of Funds:	
Redemption of Refunded Bonds	\$
Deposit to Series 2018 Project Account	
Deposit to Series 2018 Bond Reserve Account	
Deposit to Series 2018 Capitalized Interest Account ⁽²⁾	
Costs of Issuance ⁽¹⁾	
Total Uses:	\$ _____

⁽¹⁾ Includes the Underwriter’s discount, initial fees and expenses of the Trustee, printing costs, fees and expenses of Bond Counsel, Disclosure Counsel, Medical Center Counsel, Underwriter’s Counsel and the Municipal Advisor and other miscellaneous costs of issuance.

⁽²⁾ Represents capitalized interest through _____, 20__.

DEBT SERVICE SCHEDULE

The following table sets forth, for each fiscal year of the Medical Center ending June 30, the amounts required to be made available in such fiscal year by the Medical Center for payment of the principal of (including sinking fund installments) and interest on the Series 2018 Bonds (rounded to the nearest dollar), assuming no optional or extraordinary redemptions.

Fiscal Year Ending <u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>

\$

\$

\$

Total

SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2018 BONDS

Limited Obligation

The Series 2018 Bonds are limited obligations of the Authority payable as provided in the Trust Agreement, as described herein. None of the State, the City or the Authority shall be obligated to pay the principal of, redemption premium, if any, or the interest on the Series 2018 Bonds, except from Revenues received by the Authority and certain funds available pursuant to the Trust Agreement. Revenues generally mean all amounts received by the Authority or the Trustee from the Medical Center pursuant to the Installment Purchase Agreement. The obligation of the City, acting through the Medical Center, to make the Installment Purchase Payments and any other payments required under the Installment Purchase Agreement is a special limited obligation of the City payable solely from the Gross Revenues of the Medical Center, and does not constitute a debt of the City or of the State or of any political subdivision thereof within the meaning of any constitutional or statutory debt limitation or restriction. Gross Revenues, as further defined herein, means all revenues, income, receipts and money received in any period by the Medical Center (other than donor-restricted gifts, grants, bequests, donations, contributions, and tax revenues, if any). Neither the faith and credit nor the taxing power of the City or State or any political subdivision thereof is pledged to the payment of the principal of, redemption premium, if any, or interest on the Series 2018 Bonds. The Authority has no taxing power. In the event of a default, the Series 2018 Bonds shall have no legal claim to, and are not payable from, amounts held in the General Fund of the City.

Pledge of Revenues

Subject only to the provisions of the Trust Agreement permitting the application thereof for the purposes and on the terms and conditions set forth therein, there are pledged under the Trust Agreement to secure the payment of the principal of, and Redemption Price of and interest on the Bonds in accordance with their terms and the provisions of the Trust Agreement, all of the Revenues and any other amounts (including proceeds of the sale of Bonds), held in any fund or account established pursuant to the Trust Agreement (other than the Rebate Fund); provided, that the Series 2018 Bond Reserve Account and each other Bond Reserve Account shall only secure the applicable Series of Bonds as specified in the Trust Agreement or in a Supplemental Trust Agreement. Such pledge constitutes a first lien on and security interest in such assets and shall attach, be perfected and be valid and binding from and after delivery by the Trustee, without any physical delivery thereof or further act.

The Authority by execution and delivery of the Trust Agreement will transfer in trust, grant a security interest in and assign to the Trustee, for the benefit of the Owners from time to time of the Bonds, all of the Revenues and other assets pledged and all of the right, title and interest of the Authority in the Installment Purchase Agreement (except for the right to receive, in all cases to the extent payable to the Authority, (i) any Administrative Fees and Expenses and (ii) any amounts paid by the Medical Center pursuant to the Installment Purchase Agreement to indemnify the Owners, the Authority and the Trustee against all costs, fees and charges, including reasonable fees and expenses of attorneys, accountants, consultants and other experts,

incurred in good faith or arising out of or in connection with the Installment Purchase Agreement or the Trust Agreement.

Installment Purchase Agreement; Pledge of Gross Revenues; Gross Revenue Fund

Installment Purchase Payments made under the Installment Purchase Agreement are calculated to be sufficient in amount to pay the principal of and interest on the Series 2018 Bonds when due. Subject only to the provisions of the Installment Purchase Agreement permitting the application thereof for the purposes and on the terms and conditions set forth in the Installment Purchase Agreement, the Medical Center pledges in the Installment Purchase Agreement, which pledge shall constitute a first lien on and security interest in all of the Gross Revenues and amounts in the Gross Revenue Fund to secure the payment of the Installment Purchase Payments and the Supplemental Payments and the performance by the Medical Center of its other obligations under the Installment Purchase Agreement and any payment with respect to any Parity Debt. Such pledge under the Installment Purchase Agreement will be effective, binding and enforceable against the Medical Center, each of its successors, assigns, purchasers and all other creditors asserting rights in the Gross Revenues to the extent permitted by law.

“Gross Revenues” means all revenues, income, receipts and money received in any period by the Medical Center (other than casualty insurance, donor-restricted gifts, grants, bequests, donations, contributions, and tax revenues, if any), including, but not limited to the following:

- a. gross revenues derived from its operations and possession of and pertaining to properties occupied by the Medical Center,
- b. proceeds with respect to, arising from, or relating to its properties and derived from (1) business interruption insurance, (2) accounts, including but not limited to, accounts receivable, (3) securities and other investments, (4) inventory and intangible property, (5) payment/reimbursement programs and agreements, and (6) contract rights, accounts, instruments, claims for the payment of moneys and other rights and assets now or hereafter owned, held or possessed by or on behalf of the Medical Center, and
- c. rentals received from the lease of the Medical Center properties or space in its facilities.

The Medical Center covenants and agrees in the Installment Purchase Agreement that so long as any Installment Purchase Payments or Supplemental Payments remain unpaid, all of the Gross Revenues of the Medical Center shall be deposited, held and maintained in a fund (the “Gross Revenue Fund”), established at a trust company, banking corporation, national banking association or bank having trust powers (the “Depository Bank”), as the Medical Center shall designate to the Trustee as the Gross Revenue Fund, no later than June 30, 2018. The Gross Revenue Fund shall be held and administered in accordance herewith and a Deposit Account Control Agreement, to be executed and delivered by the Medical Center, the Depository Bank and the Trustee no later than June 30, 2018.

Revenue Fund; Allocation of Revenues

All Revenues shall be promptly deposited by the Trustee upon receipt thereof in a special fund designated as the Revenue Fund, which the Trustee will establish, maintain and hold in trust, except as otherwise provided in the Trust Agreement or the Installment Purchase Agreement. All Revenues deposited with the Trustee shall be held, disbursed, allocated and applied by the Trustee only as provided in the Trust Agreement.

On or before the twenty-fifth (25th) day of each month, commencing May 25, 2018 (or, if the twenty-fifth (25th) day of the month is not a Business Day, the first Business Day after the twenty-fifth (25th) day of the month), the Trustee shall transfer from the Revenue Fund and deposit into the following respective accounts (each of which the Trustee shall establish and maintain within the Revenue Fund) and then to the Rebate Fund, the following amounts, in the following order of priority, the requirements of each such account or fund (including an amount required to make up of any deficiencies in any such account resulting from lack of Revenues sufficient to make any earlier required deposit) at the time of deposit to be satisfied before any transfer is made to any account or fund subsequent in priority:

First: to the Interest Account, one-sixth of the aggregate amount of interest becoming due and payable during the next succeeding six months on all Bonds then Outstanding, less any amounts to be transferred to the Interest Account from a Capitalized Interest Account for the payment of such interest, until the balance in such account is equal to such aggregate amount of interest (taking into account such transfers from the Capitalized Interest Account, if any); provided, however, that from the date of delivery of a Series of Bonds until the first Interest Payment Date with respect to such Bonds (if less than six months), transfers to the Interest Account shall be sufficient on a monthly pro rata basis to pay the interest becoming due and payable on said Interest Payment Date; provided, further, that for any Series of Bonds that requires the monthly payment of interest, to the Interest Account, on or before each Interest Payment Date: the amount required to make the amount on deposit in the Interest Account equal to the amount of accrued and unpaid interest on such Bonds due and payable on the next Interest Payment Date.

Second: to the Principal Account, one-twelfth of the aggregate amount of principal becoming due and payable on the Outstanding Serial Bonds plus one-twelfth of the aggregate amount of Mandatory Sinking Account Payments required to be paid into the respective Sinking Accounts for Outstanding Term Bonds, in each case during the next ensuing twelve months, until the balance in said Principal Account is equal to said aggregate amount of such principal and Mandatory Sinking Account Payments; provided, however, that from the date of delivery of a Series of Bonds until the first principal payment date with respect to such Series of Bonds (if less than twelve months), transfers to the Principal Account shall be sufficient on a monthly pro rata basis to pay the principal becoming due and payable on said principal payment date;

Third: to the Series 2018 Bond Reserve Account, and any other Bond Reserve Account, for the purpose of making up any deficiency therein; and

Fourth: to the Rebate Fund, such amounts as are required to be deposited therein by the Trust Agreement (including the Tax Certificate).

Any moneys remaining in the Revenue Fund after the foregoing transfers are made shall be transferred, upon request of the Medical Center to the Trustee in writing to the Medical Center. If no such written request is received, the Trustee shall apply moneys remaining in the Revenue Fund as a credit towards the next Interest Account and Principal Account deposits required above.

Bond Reserve Account

Under the Trust Agreement, the Series 2018 Bond Reserve Account will be created for the Series 2018 Bonds and will be held in trust by the Trustee. On the date of delivery of the Series 2018 Bonds (the “Closing Date”), the Trustee shall deposit into the Series 2018 Bond Reserve Account \$_____ from the proceeds of the Series 2018 Bonds to satisfy the Bond Reserve Account Requirement. See APPENDIX D – “FORM OF TRUST AGREEMENT AND INSTALLMENT PURCHASE AGREEMENT.”

Rates and Charges; Debt Coverage

Pursuant to the Installment Purchase Agreement, the Medical Center will operate its facilities as revenue producing health care facilities. The Medical Center will fix, charge and collect, or cause to be fixed, charged and collected, subject to applicable requirements or restrictions imposed by law, rates, fees and charges that are sufficient in each Fiscal Year, commencing with the Fiscal Year ending June 30, 2021 to (i) pay the Cash Operating Expenses for such Fiscal Year, (ii) produce Net Income Available for Debt Service for such Fiscal Year equal to at least 1.15 times Aggregate Debt Service for such Fiscal Year, and (iii) maintain Days Cash on Hand for such Fiscal Year equal to at least 30 days. See APPENDIX D – “FORM OF TRUST AGREEMENT AND INSTALLMENT PURCHASE AGREEMENT.”

The Medical Center recently required waivers of defaults under the documents governing the Refunded Bonds, resulting from its failure to comply with certain financial covenants. See APPENDIX A-1 – “INFORMATION CONCERNING THE EL CENTRO REGIONAL MEDICAL CENTER – Long-Term Indebtedness and Capitalization” herein.

Additional Bonds

In addition to the Series 2018 Bonds, the Authority may, solely upon the request of the City, by Supplemental Trust Agreement establish one or more additional Series of Bonds, payable from Revenues and secured by the pledge made under the Trust Agreement equally and ratably with the Bonds previously issued, and the Authority may issue, and the Trustee may authenticate and deliver, Bonds of any Series so established, in such principal amount as shall be determined by the Authority, but only upon compliance by the Authority with the following provisions of the Trust Agreement and any additional requirements set forth in the Supplemental Trust Agreement providing for the issuance of such additional Series of Bonds. See APPENDIX D – “FORM OF TRUST AGREEMENT AND INSTALLMENT PURCHASE AGREEMENT.”

Limitations on Indebtedness under Installment Purchase Agreement

The Installment Purchase Agreement contains the following provisions with respect to additional indebtedness:

(a) The Medical Center shall not incur any Long-Term Indebtedness payable on a basis senior to the Series 2018 Installment Purchase Payments and any Parity Debt, without the consent of a majority of the Owners of the principal amount of Bonds Outstanding.

(b) The Medical Center shall not incur additional Long-Term Indebtedness (including guaranties) without the consent of a majority of the Owners of the principal amount of Bonds Outstanding, unless each of the following requirements are satisfied:

(1) Net Income Available for Debt Service, as certified by a written report of an Independent Certified Public Accountant or an internal senior accounting officer of the Medical Center, which shall be filed with the Authority and the Trustee for the most recent Fiscal Year for which audited financial statements are available immediately preceding the date of incurrence of such Long-Term Indebtedness was at least equal to 1.25 times Maximum Aggregate Annual Debt Service on all outstanding Long-Term Indebtedness and the Long-Term Indebtedness proposed to be incurred;

(2) The ratio of cash and investments of the Medical Center to Debt Service, after taking into account the Long-Term Indebtedness to be incurred, is not less than 0.50%;

(3) There is no Event of Default.

(c) In addition to the Indebtedness permitted by paragraph (b) above, if no Event of Default has occurred and is continuing, the Medical Center may (i) incur liabilities under capitalized lease obligations or indebtedness secured by a purchase money security interest in machinery and/or equipment acquired with the proceeds thereof, in each case, without limitation on duration, in an aggregate amount not to exceed \$12,000,000 and (ii) incur the following obligations in an aggregate amount not to exceed \$5,000,000 (A) unsecured indebtedness and (B) Short-Term Indebtedness. Short-Term Indebtedness shall be repaid no later than the one year anniversary of the original incurrence of such Indebtedness.

(d) In addition to the Indebtedness permitted by paragraphs (b) and (c) above, if no Event of Default has occurred and is continuing, the Medical Center may incur Subordinated Indebtedness with level repayment terms in an aggregate amount not to exceed \$15,000,000 outstanding at any time; provided, that Net Income Available for Debt Service for Fiscal Year in which such Subordinated Indebtedness will be incurred is equal to at least 1.1 times Aggregate Debt Service for such Fiscal Year.

RISK FACTORS

General

The Medical Center is subject to a wide variety of federal and state regulatory actions and legislative and policy changes by those governmental and private agencies that administer Medicare, Medi-Cal (the State's Medicaid program), and other payers and is subject to actions by, among others, the National Labor Relations Board, The Joint Commission, the Centers for Medicare & Medicaid Services ("CMS") of the U.S. Department of Health and Human Services ("DHHS"), as it relates to the Series 2018 Bonds, the Securities and Exchange Commission, state securities regulators, as well as other federal, state and local government agencies. The future financial condition of the Medical Center could be adversely affected by, among other things, changes in the method and amount of payments to the Medical Center by governmental and nongovernmental payers, the financial viability of these payers, increased competition from other health care entities (including entities outside the United States), decreased demand for health care, changes in the methods by which employers purchase health care for employees, capability of management, changes in the structure of how health care is delivered and paid for, future changes in the economy, demographic changes, availability of physicians, nurses and other health care professionals, and malpractice claims and other litigation.

The Medical Center derives a significant portion of its revenues from Medicare, Medi-Cal, and other third party payer programs. The Medical Center is subject to governmental regulations applicable to health care providers and the receipt of future revenues from the operation of the Medical Center facilities are subject to, among other factors, federal and State policies affecting the health care industry and other conditions that are impossible to predict. Such conditions may include difficulties in increasing room charges and other fees while maintaining an appropriate amount and quality of health services, changes in reimbursement or prospective payment policies and unanticipated competition from other health care providers. The effect on the Medical Center of recently enacted laws and regulations and of future changes in federal and State laws and policies cannot be fully or accurately determined at this time.

Healthcare providers, including the Medical Center, have been under increasing economic pressure from various third party payers, both governmental (particularly Medicare and MediCal) and private (e.g., health maintenance organizations). Certain payers have pressured health care providers to accept "capitated" reimbursement, which has the effect of shifting the economic risk of providing health care from the payers to the providers. Shifts in third party payer policies and the need for providers to adapt to changing and complex payment arrangements have had and will continue to have a significant impact upon the economic performance of the Medical Center.

Future economic and other conditions, including demand for healthcare services, the ability of the Medical Center to provide the services required by patients, public confidence in the Medical Center, economic developments in the service area, competition, rates, costs, third-party reimbursement and governmental regulations may adversely affect revenues and, consequently, payment of principal of and interest on the Series 2018 Bonds. Any of these factors may affect the Medical Center's ability to generate Gross Revenues and to pay the Series 2018 Installment Purchase Payments, resulting in an insufficient amount being available to pay

the Series 2018 Bonds. There can be no assurance that the financial condition of the Medical Center and/or the utilization of the Medical Center's facilities will not be adversely affected by any of these circumstances.

Recent Defaults Under Documents Governing the Refunded Bonds

The Medical Center recently required waivers of defaults under the documents governing the Refunded Bonds, resulting from its failure to comply with certain financial covenants. See APPENDIX A-1 – “INFORMATION CONCERNING THE EL CENTRO REGIONAL MEDICAL CENTER – Long-Term Indebtedness and Capitalization.”

General Health Care Risk Factors

Certain of the primary risks associated with the operations of the Medical Center's health care facilities are briefly summarized in general terms below, and are explained in greater detail in subsequent sections of this Limited Offering Memorandum. The occurrence of one or more of these risks (or other risks not currently known to the Medical Center) could have a material adverse effect on the financial condition and results of operations of the Medical Center and, in turn, the ability of the Medical Center, on behalf of the City, to make payments of principal of and interest on the Series 2018 Bonds.

Federal Health Care Reform and Deficit Reduction. The federal health care reform legislation has changed and will change how health care services are covered, delivered and reimbursed. These changes will result in lower hospital reimbursement from Medicare and Medicaid, utilization changes, increased government enforcement and the necessity for health care providers to assess, and potentially alter, their business strategies and practices, among other consequences. The Patient Protection and Affordable Care Act and the Health Care and Education Reconciliation Act of 2010 (collectively, the “Affordable Care Act”) dramatically altered the U.S. healthcare system and was intended to decrease the number of uninsured individuals and reduce the overall cost of healthcare. The Affordable Care Act continues to alter the U.S. healthcare system by decreasing the number of uninsured Americans and through its attempts to reduce the overall cost of healthcare. The Affordable Care Act attempts to achieve these goals by, among other things, requiring most Americans to obtain health insurance, providing additional funding for Medicaid in states that choose to expand their programs, reducing Medicare and Medicaid payments to providers, expanding the Medicare program's use of value-based purchasing programs, tying hospital payments to the satisfaction of certain quality criteria, bundling payments to hospitals and other providers, and instituting certain private health insurance reforms. The Affordable Care Act includes certain reductions in Medicare spending, such as negative adjustments to the hospital inpatient and outpatient prospective payment system market basket updates, the revision of annual inflation updates and other cost-containment measures, including planned payment reductions. While most providers will receive reduced payments for care, millions of previously uninsured Americans gained coverage through the Affordable Care Act. A number of the provisions of the Affordable Care Act that were originally scheduled to have already become effective, such as the employer mandate (for employers with 50 to 99 employees), the Small Business Health Option Program (for employers with 100 or fewer full-time employees), and the Cadillac Tax, were delayed. Additional delays in the implementation of these or other provisions of the Affordable Care Act could be imposed in the

future. The Medical Center is unable to predict with a high level of precision how providers, payers, employers and other market participants will continue to respond to the various reform provisions because certain provisions are scheduled for implementation over the coming years. Furthermore, several bills have been and may continue to be introduced in Congress to delay, defund or repeal implementation of or amend all significant provisions of the Affordable Care Act. In addition, efforts to reduce the federal deficit and balance the State budget will likely curb Medicare and Medi-Cal spending further to the detriment of providers.

On November 8, 2016, Donald Trump was elected President of the United States and members of the Republican Party retained majority control over both the United States House of Representatives and the United States Senate. During his campaign, President-elect Trump promised to repeal and replace the Affordable Care Act and members of the Republican Party in the United States House of Representatives and the United State Senate have advocated the repeal or modification of the Affordable Care Act. On January 20, 2017, President Trump signed an “Executive Order Minimizing the Economic Burden of the Patient Protection and Affordable Care Act Pending Repeal.” (the “ACA Executive Order”). Under the ACA Executive Order it is the policy of President Trump’s administration to seek prompt repeal of the Affordable Care Act. As a result of ACA Executive Order and numerous other variables, including the law’s complexity and the lack of complete implementing regulations and interpretive guidance, the Medical Center is unable to predict with any certainty the future net effect of the Affordable Care Act (or any replacement thereof) on its business, financial condition or results of operations or whether the Affordable Care Act may ultimately be repealed in whole or in part.

General Economic Conditions; Bad Debt, Indigent Care and Investment Losses. Health care providers are economically influenced by the environment in which they operate. To the extent that (1) unemployment rates are high, (2) employers reduce their budgets for employee health care coverage or (3) private and public insurers seek to reduce payments to health care providers or curb utilization of health care services, health care providers may experience decreases in insured patient volume and reductions in payments for services. In addition, to the extent that federal, state, county or city governments are unable to provide a safety net of medical services, pressure is applied to local health care providers to increase free care. Furthermore, economic downturns and lower funding of Medicare and Medi-Cal programs in the State may increase the number of patients who are unable to pay for their medical and hospital services. These conditions may give rise to increases in health care providers’ uncollectible accounts, or “bad debt,” uninsured, discounted and charity care and, consequently, to reductions in operating income for the Medical Center. Declines in investment portfolio values may reduce or eliminate non-operating revenues. Investment losses (even if unrealized) may cause debt covenants (including, in the case of the Medical Center, in the Trust Agreement) to be violated and may jeopardize hospitals’ (including the Medical Center’s) economic security. Losses in pension and benefit funds may result in increased funding requirements. Potential failure of lenders, insurers or vendors may negatively impact the results of operations and the overall financial condition of health care providers. Philanthropic support may also decrease or be delayed. The economies in the non-urban communities in which the Medical Center operates are dependent on a small number of large employers. These employers often provide income and health insurance for a disproportionately large number of community residents who may depend on the Medical Center for care. The failure of one or more large employers, or the closure or substantial reduction in the number of individuals employed at manufacturing or similar facilities

located in or near the County, could cause affected employees to move elsewhere for employment or lose insurance coverage that was otherwise available to them. When patients are experiencing personal financial difficulties or have concerns about general economic conditions, they may choose to: (a) defer or forego elective surgeries and other non-emergent procedures, which are generally more profitable lines of business for hospitals; or (b) purchase a high-deductible insurance plan or no insurance at all, which increases a hospital's dependence on self-pay revenue. Moreover, a greater number of uninsured patients may seek care in the Medical Center's emergency room. The occurrence of these events may impede the Medical Center's business strategies intended to generate organic growth and improve operating results.

Capital Needs vs. Capital Capacity. Hospital and other health care operations (such as the Medical Center) are capital intensive. Regulation, technology and physician/patient expectations require constant and often significant capital investment. Total capital needs of the Medical Center may exceed its capital capacity, which may result in a material adverse effect on the Medical Center and its financial condition.

Technical and Clinical Developments. New clinical techniques and technology, as well as new pharmaceutical and genetic developments and products, may alter the course of medical diagnosis and treatment in ways that are currently unanticipated, and that may dramatically change medical and hospital care. These could result in higher hospital costs, reductions in patient populations and/or new sources of competition for hospitals, any of which may result in reduced revenues and/or increased costs for the Medical Center.

Proliferation of Competition. Hospitals increasingly face competition from specialty providers of care and ambulatory care facilities, including health care providers in foreign countries which may not be subject to the same level of regulation as exists in the United States. This may cause hospitals to lose essential inpatient or outpatient market share. Competition may be focused on services or payer classifications for which hospitals realize their highest margins, thus negatively affecting programs that are economically important to hospitals.

Specialty hospitals may attract specialists as investors and may seek to treat only profitable classifications of patients, leaving full-service hospitals with higher acuity and/or lower paying patient populations. These sources of competition may have a material adverse impact on hospitals, particularly where a group of a hospital's principal physician admitters may curtail their use of a hospital service in favor of competing facilities.

Hospitals and other health care providers face increased pressure to operate transparently and make available information about cost and quality of services. Consumers and payers accessing cost and quality information accumulated on various data-bases may shift business among providers or make different health care choices based on such information. Any of these general changes in the health care industry could result in material and adverse changes for the Medical Center.

Rate Pressure from Insurers and Major Purchasers. Certain health care markets, including many communities in the State, are strongly impacted by large health insurers and, in some cases, by major purchasers of health services. In those areas, health insurers may have significant influence over the rates, utilization and competition of hospitals and other health care

providers. Rate pressure imposed by health insurers or other major purchasers, including managed care payers, may have a material adverse impact on hospitals and other health care providers (including the Medical Center), particularly if major purchasers put increasing pressure on payers to restrain rate increases. Business failures by health insurers also could have a material adverse impact on contracted hospitals and other health care providers (including the Medical Center) in the form of payment shortfalls or delays, and/or continuing obligations to care for managed care patients without receiving payment. In addition, disputes with non-contracted payers may result in an inability to collect billed charges from these payers.

Reliance on Medicare. Inpatient hospitals rely to a high degree on payment from the federal Medicare program. Recent changes in the underlying laws and regulations, as well as in payment policy and timing, create uncertainty and could have a material adverse impact on the Medical Center's payment streams from Medicare. With health care and hospital spending reported to be increasing faster than the rate of general inflation, the Medical Center believes that Congress and CMS may take action in the future to decrease or restrain Medicare outlays for hospitals. Any such actions could have a material and adverse effect on the Medical Center and its financial condition and operations.

Costs and Restrictions from Governmental Regulation. Nearly every aspect of hospital operations is regulated, in some cases by multiple agencies of government. The level and complexity of regulation and compliance audits appear to be increasing, imposing greater operational limitations, enforcement and liability risks, and significant and sometimes unanticipated costs for the Medical Center.

Government "Fraud" Enforcement. "Fraud and abuse" in government funded health care programs is a significant concern of federal and state regulatory agencies overseeing health care programs, and is one of the federal government's prime law enforcement priorities. The federal government and, to a lesser degree, state governments impose a wide variety of extraordinarily complex and technical requirements intended to prevent over-utilization based on economic inducements, misallocation of expenses, overcharging, improper billing or coding, and other forms of "fraud" in the Medicare and Medicaid programs, as well as other State and federally-funded health care programs. This body of regulation impacts a broad spectrum of hospital and other health care provider commercial activity, including billing, accounting, recordkeeping, medical staff oversight, physician contracting and recruiting, cost allocation, clinical trials, discounts and other functions and transactions.

Violations and alleged violations may be deliberate, but also frequently occur in circumstances where management is unaware of the conduct in question, as a result of mistake, or where the individual participants do not know that their conduct is in violation of law. Violations may occur and be prosecuted in circumstances that do not have the traditional elements of fraud, and enforcement actions may extend to conduct that occurred in the past. Violations carry significant sanctions. The government periodically conducts widespread investigations covering categories of services, or certain accounting or billing practices. Regardless of the merit of the underlying actions, such violations may result in material costs to the Medical Center and diversion of its management's attention.

Violations Carry Significant Sanctions. The government and/or private “whistleblowers” often pursue aggressive investigative and enforcement actions. The government has a wide array of civil, criminal, monetary and other penalties, including suspending essential hospital and other health care provider payments from the Medicare or Medicaid programs, or exclusion from those programs. Aggressive investigation tactics, negative publicity and threatened penalties can be, and often are, used to force health care providers to enter into monetary settlements in exchange for releases of liability for past conduct, as well as agreements imposing prospective restrictions and/or mandated compliance requirements and monitoring on health care providers. Such negotiated settlement terms may have a material adverse impact on hospital and other health care provider operations, financial condition, results of operations and reputation. Multi-million dollar fines and settlements for alleged intentional misconduct, fraud or false claims are not uncommon in the health care industry. These risks are generally uninsured. Government enforcement and private whistleblower suits may increase in the hospital and health care sector. Many large hospital and other health care provider systems have been and are liable to be adversely impacted.

State Medicaid Programs. Medi-Cal is an important payer source to many hospitals in the State (including the Medical Center) and may become a proportionately larger source of revenue as federal health care reform is implemented, expanding Medicaid coverage to significant numbers of previously uninsured Californians. This program often pays hospitals and physicians at levels that may be below the actual cost of the care provided. As Medi-Cal is partially funded by the State, any financial instability of the State may result in lower funding levels and/or payment delays. These could have a material adverse impact on hospitals in the State, including the Medical Center. See “Patient Service Revenues” below.

Professional Staff Shortages. From time to time, a shortage of certain physician specialties, nurses and medical technicians exists which may have a significant impact on hospitals. The shortages are particularly acute in the fields of primary care and certain medical and surgical specialties. Such shortages may adversely affect hospitals, which rely on skilled health care practitioners to deliver care. Some studies predict that such shortages may be exacerbated in the future by decreased reimbursement and inadequate support for medical education. In California regulation of nurse staffing ratios can intensify the potential shortage of nursing personnel. A new influx of patients with insurance coverage as a result of health care reform may also exacerbate personnel shortages. The Medical Center’s operations, patient and physician satisfaction, financial condition, results of operations and future growth could be negatively affected by these shortages, resulting in a material adverse impact on hospitals (including the Medical Center).

Labor Costs and Disruption. The delivery of health care services is labor intensive. Labor costs, including salary, benefits and other liabilities associated with the workforce, have significant impacts on hospital and health care provider operations and financial condition. Hospital and health care employees are increasingly organized in collective bargaining units, and may be involved in work actions of various kinds, including work stoppages and strikes. For example, a portion of the Medical Center’s staff is unionized. Overall costs of the Medical Center’s workforce are high, and turnover is high. Pressure to recruit, train and retain qualified employees is expected to accelerate. In addition, the significant distance of the Medical Center from major urban centers increases the difficulty in recruiting and retaining qualified employees.

These factors may materially increase the Medical Center's costs of operation. Workforce disruption may negatively impact the Medical Center's revenues, employment recruitment efforts, patient care, and reputation.

Pension and Benefit Funds. As large employers, hospitals may incur significant expenses to fund pension and benefit plans for employees and former employees, and to fund required workers' compensation benefits. Plans are often underfunded or may become underfunded and funding obligations in some cases may be erratic or unanticipated and may require significant commitments of available cash needed for other purposes. The Medical Center's pension plan began to be phased out in 2010, however, its pension plan remains a significant financial liability for the Medical Center. See APPENDIX A-1 – INFORMATION CONCERNING THE EL CENTRO REGIONAL MEDICAL CENTER – Retirement Plan.”

Medical Liability Litigation and Insurance. Medical liability litigation is subject to public policy determinations and legal and procedural rules that may be altered from time to time, with the result that the frequency and cost of such litigation, and resultant liabilities, may increase in the future. Hospitals, including the Medical Center, may be affected by negative financial and liability impacts on physicians. Costs of insurance, including self-insurance, may increase dramatically.

Other Actions. Hospitals and health systems have long been subject to a wide variety of litigation risks, including liability for care outcomes, employer liability, property and premises liability, and peer review litigation with physicians, among others. In recent years, consumer class action litigation has emerged as a potentially significant source of litigation liability for hospitals and health systems. These class action suits have most recently focused on hospital billing and collection practices, and they may be used for a variety of currently unanticipated causes of action. Since the subject matter of class action suits may involve uninsured risks, and since such actions often involve alleged large classes of plaintiffs, they may have material adverse consequences on hospitals and health systems in the future.

Facility Damage. Hospitals are highly dependent on the condition and functionality of their physical facilities. Damage from earthquakes, floods, fire, other natural causes, deliberate acts of destruction, or various facilities system failures may have a material adverse impact on the Medical Center's operations, financial conditions and results of operations.

Federal Budget Cuts

The federal Bipartisan Budget Control Act of 2015 extends the 2 percent reduction in Medicare spending imposed by the federal Budget Control Act of 2011 (“BCA”) through federal fiscal year 2025. It is possible that the U.S. Congress will take action to eliminate some or all of the reductions in the future and any Congressional action could be made retroactive to eliminate some or all of the cuts even to the extent they were imposed. However, there is no certainty that the U.S. Congress will take any action. Ultimately, these reductions or alternatives could have a disproportionate impact on hospital providers and could have a material adverse effect on the financial condition of the Medical Center.

Debt Limit Increase

The federal government has through legislation created a debt “ceiling” or limit on the amount of debt that may be issued by the United States Treasury. In the past several years, political disputes have arisen within the federal government in connection with discussions concerning the authorization for an increase in the federal debt ceiling. Any failure by Congress to increase the federal debt limit may impact the federal government’s ability to incur additional debt, pay its existing debt instruments and to satisfy its obligations relating to the Medicare and Medicaid programs.

Management of the Medical Center is unable to determine at this time what impact any future failure to increase the federal debt limit may have on the operations and financial condition of the Medical Center, although such impact may be material. Additionally, the market price or marketability of the Series 2018 Bonds in the secondary market may be materially adversely impacted by any failure to increase the federal debt limit.

Patient Service Revenues

The Medicare Program. Medicare is the federal health insurance system under which hospitals are paid for services provided to eligible elderly and disabled persons, or those who qualify under the End Stage Renal Disease Program. Medicare is administered by CMS, which delegates to the states the process for certifying hospitals to which CMS will make payment. In order to achieve and maintain Medicare certification, hospitals must meet CMS’s “Conditions of Participation” on an ongoing basis, as determined by the State and/or The Joint Commission. The requirements for Medicare certification are subject to change, and, therefore, it may be necessary for hospitals to effect changes from time to time in their facilities, equipment, personnel, billing, policies and services. The Medical Center is certified to participate in the Medicare program and is subject to any such changes and the risks associated with Medicare funding.

As the population ages, more people will become eligible for the Medicare program. Current projections indicate that demographic changes and continuation of current cost trends will exert significant and negative forces on the overall federal budget. The Medicare program reimburses hospitals based on a fixed schedule of rates based on categories of treatments or conditions. These rates change over time and there is no assurance that these rates will cover the actual costs of providing services to Medicare patients. The Affordable Care Act institutes multiple mechanisms for reducing the rate of increase in the costs of the Medicare program, including the following:

Value-Based Purchasing Program. Beginning in federal fiscal year 2013, Medicare inpatient payments to hospitals have been determined, in part, based on a program under which value-based incentive payments are made in a fiscal year to hospitals that meet certain performance standards during that fiscal year. The program is funded through the reduction of hospital inpatient care payments by a specified percentage, progressing to two percent by federal fiscal year 2017 and then using the estimated total amount of those payment reductions to fund value-based incentive payments for hospitals that meet or exceed quality standards.

Market Basket Reductions. Generally, Medicare payment rates to hospitals are adjusted annually based on a “market basket” of estimated cost increases. In recent years, market basket adjustments for inpatient hospital care have averaged approximately two to four percent annually. The Affordable Care Act calls for annual decreases in the “market basket” update amount reaching 0.2 percent in 2016 and progressing to 0.75 percent each year for federal fiscal years 2017 through 2019.

Market Productivity Adjustments. Beginning in federal fiscal year 2012 and thereafter, the Affordable Care Act provides for “market basket” adjustments based on overall national economic productivity statistics calculated by the Bureau of Labor Statistics. This adjustment is currently anticipated to result in an approximately one percent additional reduction to the “annual market basket” update.

Hospital Acquired Conditions Penalty. Beginning in federal fiscal year 2015, CMS began reducing payments by one percent for those Medicare inpatient payments to hospitals in the top quartile nationally for frequency of certain “hospital-acquired conditions”.

Readmission Rate Penalty. Beginning in federal fiscal year 2013, Medicare inpatient payments to those hospitals with excess readmissions compared to the national average for three patient conditions (acute myocardial infarction, pneumonia and heart failure) are reduced based on the dollar value of that hospital’s percentage of excess preventable Medicare readmissions within 30 days of discharge, for certain medical conditions. The maximum penalty was one percent in fiscal year 2013, which increased to three percent in fiscal year 2015 and for future years. In federal fiscal year 2015, CMS expanded the patient conditions assessed for this penalty to include acute exacerbation of chronic obstructive pulmonary disease, elective total hip arthroplasty, and total knee arthroplasty.

Medicare/Medicaid DSH Payments. Beginning in federal fiscal year 2014, hospitals receiving supplemental disproportionate share or “DSH” payments from Medicare (i.e., those hospitals that care for a disproportionate share of low-income Medicare beneficiaries) began having their DSH payments reduced by 75 percent, although a portion of this reduction potentially can be offset by new, additional payments based on the volume of uninsured and uncompensated care provided by each such hospital. Separately, beginning in federal fiscal year 2017, Medicaid DSH allotments to each state will be reduced, based on a methodology to be determined by DHHS, accounting for statewide reductions in uninsured and uncompensated care.

Technological Capabilities. Components of the 2009 federal stimulus package, the American Recovery and Reinvestment Act (“ARRA”), provide for Medicare and Medicaid incentive payments that began in 2011 to hospital providers meeting designated deadlines for the installation and use of electronic health information systems. Hospitals were required to adopt and demonstrate “meaningful use” of electronic health information systems in order to maintain their existing Medicaid and Medicare reimbursement levels. The Medical Center has met the “meaningful use” requirements to date. If the Medical Center fails to meet the “meaningful use” requirements in future years, its Medicare reimbursements will be reduced. Future compliance will require continued investment in the Medical Center’s information technology systems.

Physician Services. Physician services are reimbursed under the Medicare physician fee schedule. In April 2015, President Obama signed into law the Medicare Access and CHIP Reauthorization Act (“MACRA”), which provides for significant changes to how Medicare reimburses physician services. Among other things, MACRA repealed the longstanding Sustainable Growth Rate formula. In its place, MACRA provides that for services paid under the physician fee schedule and furnished during calendar years 2016 through 2019, Medicare’s payment rates will increase by 0.5 percent per year over calendar year 2015. Beginning in 2019, amounts paid to physicians will be subject to adjustments through either the Merit-based Incentive Payment System or the Advanced Alternative Payment Model track. Given the complexity of the law, that some implementing rules are still in development, and that the value-based payment mechanisms have yet to take effect, the Medical Center cannot determine the impact of MACRA at this time. However, MACRA may result in material costs to the Medical Center and/or diversion of management attention in the future.

Hospital Inpatient Reimbursement. Hospitals are generally paid for inpatient services provided to Medicare beneficiaries based on established categories of treatments or conditions known as diagnosis related groups (“DRGs”). The actual cost of care, including capital costs, may be more or less than the DRG rate. DRG rates are subject to adjustment by CMS, including reductions mandated by the Affordable Care Act and the BCA, and are subject to federal budget considerations. There is no guarantee that DRG rates, as they change from time to time, will cover actual costs of providing services to Medicare patients. For information regarding the impact of the Affordable Care Act on payments to hospitals for inpatient services, see “– Medicare Program” and “– Market Basket Reductions” above.

Medicare Bad Debt Reimbursement. Under Medicare, the costs attributable to the deductible and coinsurance amounts which remain unpaid by the Medicare beneficiary can be added to the Medicare share of allowable costs as cost reports are filed. Hospitals generally receive interim pass-through payments during the cost report year which were determined by the Medicare Administrative Contractor (“MAC”) from the prior cost report filing. Bad debts must meet the following criteria to be allowable:

- (i) the debt must be related to covered services and derived from deductible and coinsurance amounts;
- (ii) the provider must be able to establish that reasonable collection efforts were made;
- (iii) the debt was actually uncollectible when claimed as worthless; and
- (iv) sound business judgment established that there was no likelihood of recovery at any time in the future.

The amounts uncollectible from specific beneficiaries are to be charged off as bad debts in the accounting period in which the accounts are deemed to be uncollectible. In some cases, an amount previously written off as a bad debt and allocated to the program may be recovered in a subsequent accounting period. In these cases, the recoveries must be used to reduce the cost of beneficiary services for the period in which the collection is made. In determining reasonable

costs for hospitals, the amount of bad debts otherwise treated as allowable costs is reduced by 35 percent. Amounts incurred by a hospital as reimbursement for bad debts are subject to audit and recoupment by the MAC. Bad debt reimbursement has been a focus of MAC audit/recoupment efforts in the past.

Hospital Outpatient Reimbursement. Hospitals are generally paid for outpatient services provided to Medicare beneficiaries based on established categories of treatments or conditions known as ambulatory payment classifications (“APC”). The actual cost of care, including capital costs, may be more or less than the reimbursements. There is no guarantee that APC rates, as they change from time to time, will cover actual costs of providing services to Medicare patients.

Other Medicare Service Payments. Medicare payment for skilled nursing services, psychiatric services, inpatient rehabilitation services, general outpatient services and home health services are based on regulatory formulas or pre-determined rates. There is no guarantee that these rates, as they may change from time to time, will be adequate to cover the actual cost of providing these services to Medicare patients.

Reimbursement of Hospital Capital Costs. Hospital capital costs apportioned to Medicare patient use (including depreciation and interest) are paid by Medicare on the basis of a standard federal rate (based upon average national costs of capital), subject to limited adjustments specific to the hospital. There can be no assurance that future capital-related payments will be sufficient to cover the actual capital-related costs of the Medical Center applicable to Medicare patient stays or will provide flexibility to meet changing capital needs.

Medicare Advantage. Hospitals also receive payments from private health plans under the Medicare Advantage program. The Affordable Care Act introduced significant changes to federal payments for Medicare Advantage plans. Payments to plans were frozen for fiscal year 2011, and thereafter have transitioned to benchmark payments tied to the level of fee-for-service spending in the applicable county. Over the long term, insurance companies offering Medicare Advantage plans may respond to payment changes in different ways, including by refusing to cover certain services, some of which could adversely affect Medical Center.

Recovery Audit Contractor Program. CMS has implemented a Recovery Audit Contractor (“RAC”) program on a nationwide basis pursuant to which CMS contracts with private contractors to conduct pre- and post-payment reviews to detect and correct improper payments in the fee-for-service Medicare program. The Affordable Care Act expanded the RAC program’s scope to include managed Medicare plans and Medicaid claims. CMS also employs Medicaid Integrity Contractors to perform post-payment audits of Medicaid claims and identify overpayments. These programs tend to result in retroactively reduced payment and higher administration costs to hospitals. Although the Medical Center has undergone RAC audits, and some of those audits have resulted in substantial adjustments, the Medical Center’s management is not aware of a situation in which any future RAC audit, if conducted, would materially adversely affect the financial condition or results of operations of the Medical Center. However, in light of the complexity of the regulations relating to the Medicare program and the ongoing threat of audits, there can be no assurance that any audit would not materially affect the financial condition or results of operations of the Medical Center or result in diversion of the Medical Center’s management’s attention from regular hospital operations.

Medi-Cal Program. The State selectively contracts with general acute care hospitals to provide inpatient services to Medi-Cal patients. The financial impact of selective contracting on a particular hospital depends upon a variety of factors such as the base contract rates, whether a hospital qualifies as a disproportionate share hospital, the availability of supplemental payments for private disproportionate share hospitals and an individual hospital's ability to control costs. Generally, such selective contracting is made on a negotiated per diem payment basis. Historically, such payment rates have not increased in direct relation to inflation, costs or other factors.

Hospital inpatient services are reimbursed based on All-Patient Refined Diagnosis Related Groups ("APR-DRGs"), which is a proprietary classification system for clinical conditions that is currently licensed and in use by many other state Medicaid programs. Under this payment method, the Department of Health Care Services ("DHCS") reimburses hospitals a fixed amount for each inpatient admission based on the APR-DRG for that admission, which DHCS assigns based on the diagnoses, procedures, patient age and discharge status submitted by the hospital on its claim form. The Medical Center is reimbursed by DHCS for inpatient care provided to traditional Medi-Cal beneficiaries (those not enrolled in Medi-Cal managed care plans).

In November 2013, DHCS awarded a managed care contract to California Health and Wellness, a subsidiary of Centene, to serve Medi-Cal beneficiaries under the State's Medi-Cal Managed Care Rural Expansion Program. In 2013, California Health and Wellness was a newly formed subsidiary of Centene, and Centene did not have experience administering Medi-Cal claims. Therefore, payments to the Medical Center have been delayed and certain Medical Center claims have been improperly rejected by California Health and Wellness while California Health and Wellness adjusted its claims processing systems to be consistent with Medi-Cal regulations and educated its employees regarding Medi-Cal rules. The Medical Center has generally been able to recoup funds owed by demonstrating entitlement to payment under the Medi-Cal rules and regulations, however, such recoupment generally required significant administrative time and effort which may have been more efficiently deployed by the Medical Center. In light of the fact that California Health and Wellness insures a substantial number of the Medical Center's patients, there is a risk that continued problems with the claims processing function of California Health and Wellness will have an adverse financial impact on the Medical Center.

The State is obligated to make contractual payments only to the extent the State legislature appropriates adequate funding. Except in areas of the State that have been excluded from contracting, a general acute care hospital generally will not qualify for payment for non-emergency acute inpatient services rendered to a Medi-Cal beneficiary unless it is a contracting hospital. The Medical Center has a contract and it treats patients whose claims are administered by California Health and Wellness as well as patients whose claims are administered by Molina Healthcare and Brand New Day through those entities' contracts with the State. The State may terminate the contracts without advance notice to (or the requirement to seek approval from) the Medical Center, and payment to the Medical Center is dependent upon the State appropriating sufficient funding and its contractors properly administering patient claims. If the contracts with Molina Healthcare and Brand New Day are terminated by the State and not replaced promptly or at all, the Medical Center may suffer financial losses.

California Health and Wellness, Molina Healthcare, and Brand New Day have, in some instances, failed to contract with ancillary service providers such as behavioral health, extended care, and skilled nursing facilities. In addition, there is a scarcity of such facilities in the Imperial Valley and some of the facilities will not accept the rates offered by the above-referenced managed care providers. As a result, the Medical Center's patients whose insurance is with these providers do not have a readily available placement option for continued care after they have received treatment at the Medical Center. In some cases, the patients do not require the services of an acute care hospital but their discharge is substantially delayed because no placement is available, and the Medical Center may only terminate care if they can provide the patient with a safe and appropriate discharge. The Medical Center either is unable to obtain reimbursement for these extended stays, or if reimbursement is available, it is at low rates that cover only a small part of the cost of keeping the patient at the Medical Center. There is a risk that substantial delays in discharging patients for whom limited reimbursement is available will have an adverse financial impact on the Medical Center.

Significant Expansions to Medi-Cal following the Affordable Care Act. The State is currently operating its Section 1115 Medicaid Waiver Renewal demonstration project known as "Medi-Cal 2020" which is an extension of the demonstration project known as "California's Bridge to Reform." The extension allows California to extend its safety net care pool for five years in order to support the State's efforts towards the adoption of robust alternative payment methodologies and support better integration of medical care. Federal funding supports Medicaid program expansion. The federal government paid 100 percent of the costs for newly eligible adults through 2016 but will gradually phase down to 90 percent by 2020, with the remaining percentage being paid for by the State.

By contrast, if the state or federal government were to hereafter reduce the scope of persons covered under the Medicaid program, by a reversal in the poverty level threshold required for eligibility or elimination of other groups of currently eligible California residents, such a contraction would increase the number of uninsured persons treated by health care providers and increase the risk of unreimbursed expenses. These circumstances could result in a reduction of revenue and other adverse impacts on the Medical Center's results of operations and financial condition.

Medicaid Payment Reductions. Payments made to health care providers under the Medicaid program are subject to change as a result of federal or state legislative and administrative actions, including changes in the methods for calculating payments, the amount of payments that will be made for covered services, the eligibility requirements for Medicaid coverage, and the types of services that will be covered under the Medicaid program. Governmental budget cuts and other federal or state legislation that reduce payments by government agencies could have an adverse effect on the Medical Center's financial position.

California Hospital Provider Fee. In 2009, the State legislature enacted the Medi-Cal Hospital Provider Rate Stabilization Act and the Quality Assurance Fee Act, which imposed a "quality assurance fee" (the "Provider Fee") on California's general acute care hospitals, except for public hospitals and certain exempt hospitals. The Provider Fee is essentially a tax on hospitals to raise funds for provider payments. The proceeds from Provider Fees are used to earn federal matching funds for Medi-Cal, and to increase Medi-Cal payments to hospitals. Under this

program, some California hospitals receive more funding in increased Medi-Cal reimbursement than the quality assurance fees paid, while other California hospitals receive less money in Medi-Cal payments than the fees paid. The program was scheduled to end in January 2018, however, on November 8, 2016, California voters passed Proposition 52 which extends the current Provider Fee permanently.

The Medical Center, as a non-designated public hospital in the State, is not subject to the Provider Fee according to the legislation, but does receive various supplemental funds through federal programs of matching funds administered by the State. In fiscal year 2017, the Medical Center received \$14,987,886 in supplemental funding, including intergovernmental transfers and grants. The Medical Center cannot predict whether such payments will continue in the future. Any material reductions in these supplemental payments could have a material adverse effect on the Medical Center.

California State Budget. The State has in the past faced severe financial challenges, including erosion of general tax revenues, falling real estate values, slow economic growth and high unemployment. It is impossible to predict the impact of future financial challenges to the California economy, including the threat of future recessions, drought, earthquakes, fire and other natural disasters, changes in federal spending policy and other events that could result in State budget deficits. It is also impossible to predict what the State's budget will be in future years or the actions that the Governor, the State legislature or voters, via ballot initiative, will take in the future. It is reasonable to expect, however, that the Governor and the State legislature will continue to pursue cost containment measures to keep the State's budget in balance, in part by aggressively managing the State's health care spending, which may have an adverse effect on the financial condition of the Medical Center.

Health Plans and Managed Care. Most private health insurance coverage is provided by various types of "managed care" plans, including health maintenance organizations ("HMOs") and preferred provider organizations ("PPOs") that generally use discounts and other economic incentives to reduce or limit the utilization of or payment for health care services. Medicare and Medicaid also purchase health care using managed care options. Payments to health care organizations from managed care plans typically are lower than those received from traditional indemnity or commercial insurers.

In California, managed care plans have replaced indemnity insurance as the primary source of nongovernmental payment for hospital services. Hospitals must be capable of attracting and maintaining managed care business, often on a regional basis. Regional coverage and aggressive pricing may be required. However, it is also essential that contracting hospitals be able to provide the contracted services without significant operating losses, which may require multiple forms of cost containment.

Many HMOs and PPOs currently pay providers on a negotiated fee-for-service basis or on a fixed rate per day of care, or a fixed-rate per hospital stay, which, in each case, usually is discounted from the usual and customary charges for the care provided. As a result, the discounts offered to HMOs and PPOs could, in some cases, result in payment to a provider that is less than its actual cost. Additionally, the volume of patients directed to a provider may vary significantly

from projections, and changes in the utilization may be dramatic and unexpected, thus jeopardizing the provider's ability to manage this component of revenue and cost.

Some HMOs employ a "capitation" payment method under which hospitals are paid a predetermined periodic rate for each enrollee in the HMO who is "assigned" or otherwise directed to receive care from a particular hospital. The hospital may assume financial risk for the cost and scope of institutional care given. If payment is insufficient to meet the hospital's actual costs of care, or if utilization by such enrollees materially exceeds projections, the financial condition of the hospital could erode rapidly and significantly. In addition to this standard managed care risk sharing approach, private health insurance companies are increasingly adopting various additional risk sharing/cost containing measures, sometimes similar to those introduced by government payers. Providers (such as the Medical Center) can expect health care cost containment and its associated risk sharing to continue to increase in the coming years among all payers.

Often, HMO contracts are enforceable for a stated term, regardless of hospital losses and may require hospitals to care for enrollees for a certain time period, regardless of whether the HMO is able to pay the hospital. Hospitals (including the Medical Center) from time to time have disputes with HMOs, PPOs and other managed care payers concerning payment and contract interpretation issues. Such disputes may result in mediation, arbitration or litigation, any of which may harm the Medical Center's financial condition and divert management's attention from the operation of the Medical Center.

Failure to maintain contracts could have the effect of reducing the Medical Center's market share and net patient services revenues. Conversely, participation may result in lower net income if participating hospitals are unable to adequately contain their costs. In part to reduce costs, health plans are increasingly implementing, and offering to purchasing employers, tiered provider networks, which involve classification of a plan's network providers into different tiers based on care quality and cost. With tiered benefit designs, plan enrollees are generally encouraged, through incentives or reductions in copayments or deductibles, to seek care from providers in the top tier. Classification of a hospital in a non-preferred or lower tier by a significant payer may result in a material loss of volume. The new demands of dominant health plans and other shifts in the managed care industry may also reduce patient volume and revenue. Thus, managed care poses one of the most significant business risks (and opportunities) that health care organizations (such as the Medical Center) face.

If health insurance premiums continue to increase, substantial numbers of employers may elect to discontinue employer-funded medical care for employees eligible for federal assistance in securing private insurance, and the employees could then choose health insurance under the health insurance exchanges created through the Affordable Care Act (so long as such health insurance exchanges exist). Individuals choosing their own coverage may be more highly price sensitive, which could increase the number of enrollees in HMO plans and increase the use of capitation, making price negotiations with HMO and other insurance plans more difficult. Any of these events could result in a material adverse effect on the Medical Center's financial condition and results of operations.

International Classification of Diseases, 10th Revision Coding System. In 2009, CMS published the final rule adopting the International Classification of Diseases, 10th Revision coding system (“ICD-10”). ICD-10 provides a common approach to the classification of diseases and other health problems, allowing the United States to align with other nations to better share medical information, diagnosis, and treatment codes. The ICD-10 implementation deadline was October 1, 2015. The Medical Center has transitioned to ICD-10, which involved retraining staff, redesigning processes, and modifying computer applications as the codes and digit sizes dramatically increased. Ongoing challenges associated with the transition to ICD-10 include the risk that physicians fail to participate in Clinical Documentation Improvement (“CDI”) training, the risk of potential claims errors in light of the larger number of codes available, and continued reliance on technology vendors. The Medical Center takes steps to mitigate against the risk of claims errors by implementing a proactive auditing and monitoring program for claims submitted to Medicare or Medi-Cal, but the risk cannot be eliminated.

Negative Rankings Based on Clinical Outcomes, Cost, Duality, Patient Satisfaction and Other Performance Measures. The health sector is shifting away from paying for volume to paying for value based on outcomes—health plans, Medicare, Medicaid, employers, trade groups and other purchasers of health services, private standard-setting organizations and accrediting agencies increasingly are using statistical and other measures in efforts to characterize, publicize, compare, rank and change the quality, safety and cost of health care services provided by hospitals and providers. Published rankings such as the hospital Star Rating launched by CMS, “pay for performance” and other financial and non-financial incentive programs are being introduced to affect the reputation and revenue of hospitals, the members of their medical staffs and other providers and to influence the behavior of consumers and providers such as the Medical Center. Currently prevalent are measures of quality based on clinical outcomes of patient care, reduction in costs, patient satisfaction and investment in health information technology. Any measures of performance set by others that characterize the Medical Center negatively may adversely affect its reputation and financial condition.

Regulatory Environment

Federal and State “Fraud” and “False Claims.” Health care “fraud and abuse” laws at the federal and state levels broadly regulate providers of services to government program beneficiaries and the methods and requirements for submitting claims for services rendered. Hospitals and others can be penalized for a wide variety of conduct, including submitting claims for services that are not provided, billing in a manner that does not comply with government requirements or including inaccurate billing information, billing for services deemed to be medically unnecessary, or billings accompanied by certain proscribed inducements to utilize or refrain from utilizing a service or product.

Federal and state governments have a broad range of criminal, civil and administrative sanctions available to penalize and remediate health care fraud, including the exclusion of a hospital from participation in the Medicare/Medicaid programs, civil monetary penalties, and suspension of Medicare/Medicaid payments. Fraud and abuse cases may be prosecuted by one or more government entities or brought by private individuals, and more than one of the available sanctions may be, and often are, imposed for each violation. The Affordable Care Act authorizes the Secretary of DHHS to exclude a provider’s participation in Medicare and Medicaid, as well

as suspend payments to a provider pending an investigation or prosecution of a credible allegation of fraud against the provider.

Laws governing fraud and abuse may apply to a hospital (such as the Medical Center) and to nearly all individuals and entities with which a hospital does business. Fraud investigations, settlements, prosecutions and related publicity can have a material adverse effect on hospitals (including the Medical Center), even if such investigations prove to be meritless. See “Enforcement Activity,” below. Major elements of these often highly technical laws and regulations are generally summarized below.

State “Fraud” and “False Claims” Laws. Hospital providers in California also are subject to a variety of State laws related to false claims (similar to the FCA or that are generally applicable false claims laws), anti-kickback (similar to the federal Anti-Kickback Law or that are generally applicable anti-kickback or fraud laws), and physician referral (similar to the Stark Law). These prohibitions while similar in public policy and scope to the federal laws, have not in all instances been avidly enforced to date. However, in the future they could pose the possibility of material adverse impact for the same reasons as the federal statutes. See discussion under the subheadings “– False Claims Act,” “– Anti-Kickback Law” and “Stark Law” below.

False Claims Act. The federal False Claims Act (“FCA”) makes it illegal to knowingly submit or present a false, fictitious or fraudulent claim to the federal government. A person may be charged with knowledge of the falsity of a claim based not only on actual knowledge but also based on deliberate ignorance or reckless disregard of the relevant facts. The FCA has become one of the federal government’s primary weapons against health care fraud. Due to the broad range of conduct covered by the statute, FCA investigations and cases are common and may cover a range of activity from intentionally inflated billings, to highly technical billing infractions and to allegations of inadequate care. Damages under the FCA may include “treble damages” (i.e., damages up to three times the amount of the false claims) plus civil monetary penalties of up to \$11,000 per false claim. As a result, violation or alleged violations of the FCA frequently result in settlements involving multi-million dollar payments and compliance agreements. The FCA also permits individuals to initiate civil actions on behalf of the government in lawsuits called “qui tam” actions. Qui tam plaintiffs, or “whistleblowers,” can share in the damages recovered by the government. FCA violations or alleged violations could lead to settlements, fines, exclusion or reputation damage that could have a material adverse impact on hospitals and other health care providers (including the Medical Center).

Under the Affordable Care Act, the FCA expanded to include overpayments that are identified by a health care provider and not timely reported or refunded to the applicable federal health care program, even if the claims relating to the overpayment were initially submitted without any knowledge that they were false. This expansion of the FCA exposes hospitals and other health care providers (including the Medical Center) to liability under the FCA for a considerably broader range of claims than in the past.

Anti-Kickback Law. The federal “Anti-Kickback Law” prohibits anyone from soliciting, receiving, offering or paying any remuneration, directly or indirectly, overtly or covertly, in cash or in kind, in return for a referral (or to induce a referral) for any item or service that is paid for by any federal or state health care program. The Anti-Kickback Law potentially applies to many

common health care transactions between persons and entities with which a hospital (including the Medical Center) does business, including hospital-physician joint ventures, medical director arrangements, physician recruitments, physician office leases and other transactions with persons or entities in a position to provide federal health care program business to hospitals. The Affordable Care Act provides explicitly that a claim that includes items or services resulting from a violation of the Anti-Kickback Law constitutes a false or fraudulent claim for purposes of the FCA.

Violations or alleged violations of the Anti-Kickback Law may result in settlements that require multi-million dollar payments and onerous corporate integrity agreements. The Anti-Kickback Law can be prosecuted either criminally or civilly. A criminal violation may be prosecuted as a felony, subject to a fine of up to \$25,000 for each act (which may be each item or each bill sent to a federal program), imprisonment and/or exclusion from the Medicare and Medicaid programs. In addition, civil monetary penalties of \$10,000 per violation and an “assessment” of three times the amount claimed may be imposed. Violations of the Anti-Kickback Law are increasingly being prosecuted under the FCA, triggering the FCA penalties discussed above.

Stark Law. The federal “Stark Law” prohibits the referral by a physician of Medicare and Medicaid patients for certain designated health services (including inpatient and outpatient hospital services, clinical laboratory services, and radiation therapy services, radiology and certain other imaging services) to entities with which the referring physician has a financial relationship unless that relationship fits within certain exceptions. The law also prohibits a hospital furnishing the designated services from billing Medicare, or any other payer or individual for services performed pursuant to a prohibited referral. The government does not need to prove that the entity knew that the referral was prohibited to establish a Stark violation. If all technical requirements of an applicable exception are not satisfied, many ordinary business practices and economically desirable arrangements between hospitals and physicians, which constitute “financial relationships” within the meaning of the Stark Law, result in the prohibition on referrals and billing. Most providers of the designated health services with physician relationships (including the Medical Center) have exposure to liability under the Stark Law.

Medicare may deny payment for all services performed based on a prohibited referral and a hospital that has billed for prohibited services may be obligated to refund the amounts collected from the Medicare program. For example, if an office lease between a hospital and a large group of heart surgeons is found to violate the Stark Law, the hospital could be obligated to repay CMS for the payments received from Medicare for all of the heart surgeries performed by all of the physicians of the group for the duration of the lease; a potentially significant amount. As a result, even relatively minor, technical violations of the law may trigger substantial refund obligations. Moreover, if the violations of the Stark Law were knowing, the government may also seek civil monetary penalties of up to \$15,000 per claim, and in some cases, a hospital may be excluded from the Medicare and Medicaid programs. In addition, violations of the Stark Law increasingly are being prosecuted under the FCA, triggering the FCA penalties discussed above. Potential repayments to CMS, settlements, fines or exclusion for a Stark Law violation or alleged violation could have a material adverse impact on a hospital (including, potentially, the Medical Center).

CMS has established a voluntary self-disclosure program under which hospitals and other health care providers or suppliers may report potential Stark Law violations and seek a reduction in potential refund obligations. However, the program is relatively new and therefore it is difficult to determine at this point in time whether it will provide significant monetary relief to hospitals that discover inadvertent Stark Law violations. The Medical Center may make self-disclosures pursuant to this program as appropriate, and may make other disclosures from time to time, any of which may result in severe financial and other penalties for the Medical Center and its officers and employees.

Civil Monetary Penalty Act. The federal Civil Monetary Penalty Act (“CMPA”) provides for administrative sanctions against health care providers for a broad range of billing and other abuses. A health care provider is liable under the CMPA if it knowingly presents, or causes to be presented, improper claims for reimbursement under Medicare, Medicaid and other federal health care programs. A hospital that participates in arrangements known as “gainsharing” by paying a physician to limit or reduce services to Medicare fee-for-service beneficiaries also could be subject to CMPA penalties. A health care provider that provides benefits to Medicare or Medicaid beneficiaries that such provider knows or should know are likely to induce the beneficiaries to choose the provider for their care also could be subject to CMPA penalties. The CMPA authorizes imposition of a civil money penalty and treble damages. The Affordable Care Act also amended the CMPA laws to establish various new grounds for exclusion and civil monetary penalties, as well as increased penalty thresholds for existing civil monetary penalties.

Health care providers may be found liable under the CMPA even when they did not have actual knowledge of the impropriety of their action. Knowingly undertaking the action is sufficient. Ignorance of the Medicare regulations is no defense. The imposition of civil money penalties on the Medical Center could have a material adverse impact on the provider’s financial condition.

HIPAA, HITECH and Other Privacy and Security Requirements. The Health Insurance Portability and Accountability Act of 1996 (“HIPAA”) and the Health Information Technology for Economic and Clinical Health Act address the confidentiality of individuals’ health information. HIPAA requires the establishment of distinct privacy and security protections for individually identifiable health information maintained by health care providers, hospitals, health plans, health insurers and health care clearinghouses. Disclosure of certain broadly defined protected health information is prohibited unless expressly permitted under the provisions of HIPAA and related regulations or authorized by the patient. HIPAA’s privacy and security provisions extend not only to patient medical records, but also to a wide variety of health care clinical and financial settings where patient privacy restrictions often impose new communication, operational, accounting and billing restrictions. Violations of the HIPAA privacy and security regulations may result in criminal penalties and a range of civil penalties of up to \$50,000 per violation and a maximum civil penalty of \$1.5 million for violations of the same requirement in a given calendar year. Some industry participants anticipate increased enforcement efforts by the DHHS Office for Civil Rights and Phase II of the DHHS’s HIPAA audit program is currently underway.

Additionally, certain provisions of the privacy and security regulations apply to business associates, which are entities that perform certain functions or activities on behalf of covered

entities which require access to or the use or disclosure of protected health information in connection with the provision of such functions or activities. In certain circumstances, a covered entity may be held liable for the actions of its business associate if DHHS determines an agency relationship exists between the covered entity and the business associate under federal law.

The Medical Center is also subject to California privacy laws. California medical privacy laws penalize unlawful access, use or disclosure of patient's medical information, as well as unauthorized access, which the laws define as the inappropriate viewing of patient medical information without the direct need for diagnosis, treatment or other lawful use. Administrative penalties may reach \$250,000 per violation. Unlike HIPAA, the California Medical Privacy Act authorizes a private right of action and health care entities are exposed to the risk of individual or class action lawsuits from patients or other affected persons, in addition to government enforcement.

This framework of laws and regulations subjects the Medical Center to communication, operational, and accounting obligations that add costs and create potentially unanticipated sources of liability. Failure to comply with restrictions on patient privacy or to maintain robust information security safeguards, including taking steps to ensure that contractors who have access to sensitive patient information maintain the confidentiality of such information, could consequently damage the Medical Center's reputation and materially adversely affect business operations.

Audits, Compliance with Conditions of Participation and Exclusions from Medicare or Medicaid Participation. Hospitals (such as the Medical Center) that participate in the Medicare and Medicaid programs are subject from time to time to audits and other investigations relating to various aspects of their operations and billing practices, as well as to retroactive audit adjustments with respect to reimbursements claimed under these programs. Medicare and Medicaid regulations also provide for withholding reimbursement payments in certain circumstances. New billing rules and reporting requirements for which there is no clear guidance from CMS or state Medicaid agencies could result in claims submissions being considered inaccurate. The penalties for violations may include an obligation to refund money to the Medicare or Medicaid program, payment of criminal or civil fines and, for serious or repeated violations, exclusion from participation in federal health programs. Although required to identify both overpayments and underpayments, RACs have in practice collected significantly more in overpayments from providers as compared to addressing underpayments to providers.

CMS, in its role of monitoring participating providers' compliance with conditions of participation in the Medicare program, may determine that a provider is not in compliance with its conditions of participation. In that event, a notice of termination of participation may be issued or other sanctions potentially could be imposed.

The government may also exclude a hospital from Medicare/Medicaid program participation if it is convicted of a criminal offense relating to the delivery of any item or service reimbursed under Medicare or a state health care program, any criminal offense relating to patient neglect or abuse in connection with the delivery of health care, fraud against any federal, state or locally financed health care program or an offense relating to the illegal manufacture, distribution, prescription, or dispensing of a controlled substance. The government also may

exclude individuals or entities under certain other circumstances, such as an unrelated conviction of fraud, or other financial misconduct relating either to the delivery of health care in general or to participation in a federal, state or local government program. Exclusion from the Medicare/Medicaid program means that a hospital would be decertified from program participation and no program payments can be made. Any hospital exclusion could be a materially adverse event. In addition, exclusion of hospital employees under Medicare or Medicaid may be another source of potential liability for hospitals or health systems based on services provided by those excluded employees. If any of these events were to occur with respect to the Medical Center, it would result in a material and adverse effect on the Medical Center's financial condition and results of operation.

Administrative Enforcement. Administrative regulations may require less proof of a violation than do criminal laws, and, thus, health care providers (such as the Medical Center) may have a higher risk of imposition of monetary penalties as a result of administrative enforcement actions.

EMTALA. The Emergency Medical Treatment and Active Labor Act ("EMTALA") is a federal civil statute that requires hospitals to treat or conduct a medical screening for emergency conditions and to stabilize a patient's emergency medical condition before releasing, discharging or transferring the patient. A hospital that violates EMTALA is subject to civil penalties of up to \$50,000 per offense and exclusion from the Medicare and Medicaid programs. In addition, the hospital may be liable for any claim by an individual who has suffered harm as a result of a violation.

Licensing, Surveys, Investigations and Audits. Health care facilities (including the Medical Center) are subject to numerous legal, regulatory, professional and private licensing, certification and accreditation requirements. These include, but are not limited to, requirements of state licensing agencies and The Joint Commission. Renewal and continuation of certain of these licenses, certifications and accreditations are based on inspections or other reviews generally conducted in the normal course of business of health care facilities. Loss of, or limitations imposed on, hospital licenses or accreditations could reduce hospital utilization or revenues, or a hospital's ability to operate all or a portion of its facilities.

Environmental Laws and Regulations. Health care facilities (including the Medical Center) are subject to a wide variety of federal, state and local environmental and occupational health and safety laws and regulations. These include but are not limited to: air and water quality control requirements; waste management requirements; specific regulatory requirements applicable to asbestos and radioactive substances; requirements for providing notice to employees and members of the public about hazardous materials handled by or located at the hospital; and requirements for training employees in the proper handling and management of hazardous materials and wastes.

Health care facilities (including the Medical Center) may be subject to requirements related to investigating and remedying hazardous substances located on their property, including such substances that may have migrated off the property. Typical hospital operations include the handling, use, storage, transportation, disposal and discharge of hazardous, infectious, toxic, radioactive, flammable and other hazardous materials, wastes, pollutants and contaminants. As

such, hospital operations are particularly susceptible to the practical, financial and legal risks associated with the environmental laws and regulations. Such risks may result in damage to individuals, property or the environment; may interrupt operations and increase their cost; may result in legal liability, damages, injunctions or fines; and may result in investigations, administrative proceedings, civil litigation, criminal prosecution, penalties or other governmental agency actions; and may not be covered by insurance.

Enforcement Activity. It is unclear whether, under the Trump administration, United States federal enforcement activity against health care providers will continue to increase as it did prior to the Trump administration. To the extent enforcement activity remains at the current level or increases many hospitals will be subject to an audit, investigation, or other enforcement action regarding the health care fraud laws mentioned above.

Enforcement authorities are often in a position to compel settlements by providers charged with or being investigated for false claims violations by withholding or threatening to withhold Medicare, Medicaid and similar payments or to recover higher damages, assessments or penalties by instituting criminal action. In addition, the cost of defending such an action, the time and management attention consumed, and the facts of a case may dictate settlement. Therefore, regardless of the merits of a particular case, a hospital (such as the Medical Center) could experience materially adverse settlement costs, as well as materially adverse costs associated with implementation of any settlement agreement. Prolonged and publicized investigations could be damaging to the reputation and business of a hospital, regardless of outcome.

Certain acts or transactions may result in violation or alleged violation of a number of the federal health care fraud laws described above, and therefore penalties or settlement amounts often are compounded. Generally these risks are not covered by insurance.

Antitrust. Antitrust liability may arise in a wide variety of circumstances, including medical staff privilege disputes, payer contracting, physician relations, joint ventures, merger, affiliation and acquisition activities, certain pricing or salary setting activities, as well as other areas of activity. The application of the federal and state antitrust laws to health care is evolving, and therefore not always clear. Currently, the most common areas of potential liability are joint action among providers with respect to payer contracting and medical staff credentialing disputes.

Violation of the antitrust laws could result in criminal and/or civil enforcement proceedings by federal and state agencies, as well as actions by private litigants. In certain actions, private litigants may be entitled to treble damages, and in others, governmental entities may be able to assess substantial monetary fines.

Business Relationships and Other Business Matters

Integrated Delivery Systems. Hospitals and health care systems often own, control or have affiliations with physician groups and independent practice associations. Generally, the sponsoring health facility or health system is the primary capital and funding source for such alliances and may have an ongoing financial commitment to provide growth capital and support operating deficits. As separate operating units, integrated physician practices and medical

foundations sometimes operate at a loss and require subsidies or other support from the related hospital or health system. Inability to attract or retain participating physicians may negatively affect managed care contracting and utilization. The technological and administrative infrastructure necessary both to develop and operate integrated delivery systems and to implement new payment arrangements in response to changes in Medicare and other payer reimbursement is costly. Hospitals may not achieve savings sufficient to offset the substantial costs of creating and maintaining this infrastructure.

These types of alliances are generally designed to respond to trends in the delivery of medicine to better integrate hospital and physician care, to increase physician availability to the community and/or to enhance the managed care capability of the affiliated hospitals and physicians. However, these goals may not be achieved, and an unsuccessful alliance may be costly and counterproductive to all of the above-stated goals.

These types of alliances are likely to become increasingly important to the success of hospitals in the future as a result of changes to the health care delivery and reimbursement systems that are intended to restrain the rate of increases of health care costs, encourage coordinated care, promote collective provider accountability and improve clinical outcomes. The Affordable Care Act authorizes several alternative payment programs for Medicare that promote, reward or necessitate integration among hospitals, physicians and other providers.

Whether these programs will achieve their objectives and be expanded or mandated as conditions of Medicare participation cannot be predicted. However, Congress and CMS have clearly emphasized continuing the trend away from the fee-for-service reimbursement model, which began in the 1980s with the introduction of the prospective payment system for inpatient care, and toward an episode-based payment model that rewards use of evidence-based protocols, quality and satisfaction in patient outcomes, efficiency in using resources, and the ability to measure and report clinical performance. This shift is likely to favor integrated delivery systems, which may be better able than stand-alone providers to realize efficiencies, coordinate services across the continuum of patient care, track performance and monitor and control patient outcomes. Changes to the reimbursement methods and payment requirements of Medicare, which is the dominant purchaser of medical services, are likely to prompt equivalent changes in the commercial sector, because commercial payers frequently follow Medicare's lead in adopting payment policies.

While payment trends may stimulate the growth of integrated delivery systems, these systems carry with them the potential for legal or regulatory risks. Many of the risks discussed in "-- Regulatory Environment" above, may be heightened in an integrated delivery system. The foregoing laws were not designed to accommodate coordinated action among hospitals, physicians and other health care providers to set standards, reduce costs and share savings, among other things. The ability of hospitals or health systems (such as the Medical Center) to conduct integrated physician operations may be altered or eliminated in the future by legal or regulatory interpretation or changes, or by health care fraud enforcement. In addition, participating physicians may seek to maintain their independence for a variety of reasons, thus putting the hospital or health system's investment at risk, and potentially reducing its managed care leverage and/or overall utilization. State law prohibitions, such as the bar on the corporate practice of medicine, or state law requirements, such as insurance laws regarding licensure and

minimum financial reserve holdings of risk-bearing organizations, may also introduce complexity, risk and additional costs in organizing and operating integrated delivery systems.

Health care providers (including the Medical Center), responding to health care reform and other industry pressures, are increasingly moving toward integrated delivery systems, managing the health of populations of individuals, patient-centered medical homes, bundled payments, and capitated insurance plans. These trends will require new competencies, including the appropriate mix of physician specialties, new administrative skills, close and aligned relationships between physicians and hospitals, insurance risk management, and new relationships between patients and providers. Providers may be unsuccessful in assembling successful integrated networks, fail to achieve savings sufficient to offset the substantial costs of creating and maintaining the necessary capabilities to support such developments, or otherwise could incur losses or damage reputations from assuming increased risk.

Hospital Medical Staff. The primary relationship between a hospital and physicians who practice in it is through the hospital's organized medical staff. Medical staff bylaws, rules and policies establish the criteria and procedures by which a physician may have his or her privileges or membership curtailed, denied or revoked. Physicians who are denied medical staff membership or certain clinical privileges or who have such membership or privileges curtailed or revoked often file legal actions against hospitals and medical staffs. Such actions may include a wide variety of claims, some of which could result in substantial uninsured damages to a hospital (including the Medical Center). In addition, failure of the hospital governing body to adequately oversee the conduct of its medical staff may result in hospital liability to third parties.

Physician Supply. Sufficient community-based physician supply is important to hospitals and other health care facilities. CMS annually reviews overall physician reimbursement formulas for Medicare and Medicaid. Changes to physician compensation under these programs could lead to physicians ceasing to accept Medicare and/or Medicaid patients. Regional differences in reimbursement by commercial and governmental payers, along with variations in the costs of living, may cause physicians to avoid locating their practices in communities with low reimbursement or high living costs. Hospitals may be required to invest additional resources in recruiting and retaining physicians, or may be compelled to affiliate with, and provide support to, physicians in order to continue serving the growing population base and maintain market share. The physician-to-population ratio in certain parts of the State is below the national average, and the shortage of physicians could become a significant issue for hospitals in the State. This risk is particularly relevant to the Medical Center given its geographic location and relative distance from major urban centers.

Competition Among Health Care Providers. Increased competition from a wide variety of sources, including specialty hospitals, other hospitals and health care systems, HMOs, inpatient and outpatient health care facilities, long-term care and skilled nursing services facilities, clinics, physicians and others, may adversely affect the utilization and/or revenues of hospitals (including the Medical Center). Existing and potential competitors may not be subject to various restrictions applicable to hospitals, and competition, in the future, may arise from new sources not currently anticipated or prevalent.

Freestanding ambulatory surgery centers may attract away significant commercial outpatient services traditionally performed at hospitals. Commercial outpatient services, currently among the most profitable services for hospitals, may be lost to competitors who can provide these services in an alternative, less costly setting. Full-service hospitals rely upon the revenues generated from commercial outpatient services to fund other less profitable services, and the decline of such business may result in a significant reduction of revenue and profits for full-service hospitals (including the Medical Center). Competing ambulatory surgery centers, more likely for-profit businesses, may not accept indigent patients or low paying programs and would leave these populations to receive services in the full-service hospital setting. Consequently, hospitals such as the Medical Center are vulnerable to competition from ambulatory surgery centers.

Additionally, scientific and technological advances, new procedures, drugs and appliances, preventive medicine and outpatient health care delivery may reduce utilization and revenues of full-service hospitals in the future or otherwise lead the way to new avenues of competition. In some cases, hospital investment in facilities and equipment for capital-intensive services may be lost as a result of rapid changes in diagnosis, treatment or clinical practice brought about by new technology or new pharmacology. In particular, the Medical Center's contemplated investment in the Series 2018 Medical Center Project is at risk of loss as a result of such technological developments which may benefit competitors who operate in a less capital-intensive environment.

Action by Purchasers of Hospital Services and Consumers. Major purchasers of hospital services could take action to restrain hospital charges or charge increases. As a result of increased public scrutiny, it is also possible that the pricing strategies of hospitals may be perceived negatively by consumers, and hospitals may be forced to reduce fees for their services. Decreased utilization could result, and hospitals' revenues may be negatively impacted. In addition, consumers and groups on behalf of consumers are increasing pressure for hospitals and other health care providers to be transparent and provide information about cost and quality of services that may affect future consumer choices about where to receive health care services. These and other factors could result in material and adverse effects on the Medical Center's financial condition and results of operations.

Employer Status. Hospitals are major employers with mixed technical and nontechnical workforces. Labor costs, including salary, benefits and other liabilities associated with a workforce, have significant impacts on hospital operations and financial condition. Developments affecting hospitals as major employers include: (i) imposing higher minimum or living wages; (ii) enhancing occupational health and safety standards; and (iii) penalizing employers of undocumented immigrants. Legislation or regulation on any of the above or related topics could have a material adverse impact on the Medical Center.

Labor Relations and Collective Bargaining. Hospitals are large employers with a wide diversity of employees. Increasingly, employees of hospitals are becoming unionized, and many hospitals have collective bargaining agreements with one or more labor organizations. Employees subject to collective bargaining agreements may include essential nursing and technical personnel, as well as food service, maintenance and other trade personnel. Renegotiation of such agreements upon expiration may result in significant cost increases to

hospitals. Employee strikes or other adverse labor actions may have an adverse impact on operations, revenue and hospital reputation. Currently, some of the Medical Center's employees are covered by collective bargaining agreements and the Medical Center is subject to these and similar risks associated with employing a unionized labor force.

Class Actions and Litigation. Federal law and many states, including notably California, impose standards related to worker classification, eligibility and payment for overtime, liability for providing rest periods and similar requirements. Large employers with complex workforces, such as hospitals, are susceptible to actual and alleged violations of these standards. In recent years there has been a proliferation of lawsuits over these "wage and hour" issues, often in the form of large class actions. For large employers such as hospitals (including the Medical Center), such class actions can involve multi-million dollar claims, judgments and settlements. Additionally, hospitals and health systems have long been subject to a wide variety of litigation risks, including liability for care outcomes, employer liability, property and premises liability, and peer review litigation with physicians, among others. In recent years, consumer class action litigation has emerged as a potentially significant source of litigation liability for hospitals and health systems. These class action suits may be used for a variety of currently unanticipated causes of action. Since the subject matter of class action suits may involve uninsured risks, and since such actions often involve alleged large classes of plaintiffs, they may have material adverse consequences on hospitals (including the Medical Center).

Health Care Worker Classification. Health care providers, like all businesses, are required to withhold income taxes from amounts paid to employees. If the employer fails to withhold the tax, the employer becomes liable for payment of the tax imposed on the employee. On the other hand, businesses are not required to withhold federal taxes from amounts paid to a worker classified as an independent contractor. The IRS has established criteria for determining whether a worker is an employee or an independent contractor for tax purposes. If the IRS were to reclassify a significant number of the Medical Center's independent contractors as employees, back taxes and penalties could be material.

Staffing. The Medical Center suffers from a scarcity of nursing personnel, respiratory therapists, pharmacists and other trained health care and information system technicians. **[Is the Medical Center still suffering from scarcity in these areas?]** This is due in large part to the Medical Center's rural location and the lack of qualified individuals residing in the surrounding area. The Medical Center contracts with nurse staffing agencies and recruits nurses from outside of the County in order to maintain a sufficient number of nurses. The Medical Center also suffers from attrition in its nursing ranks, as recent nursing school graduates are trained at the Medical Center and then sometimes take their skills to other hospitals. In addition, there is a limited population of physicians located in the City, and many of them are reaching retirement age. The decreasing number of persons entering the medical profession is expected to intensify in the future, aggravating the shortage of qualified personnel in the City. Competition for physicians and other health care professionals, coupled with increased recruiting and retention costs will increase the Medical Center's operating costs, possibly significantly. This trend could have a material adverse impact on the financial condition and results of operations of hospitals and other health care facilities (including the Medical Center). This scarcity may further be intensified if utilization of health care services increases as a result of the Affordable Care Act (or any replacement legislation) expanding the number of insured consumers. As reimbursement

amounts to health care facilities and organizations that employ or contract with physicians, nurses and other health care professionals are reduced, the pressure to control and possibly reduce wage and benefit costs may further strain the supply of those professionals.

California imposes mandatory nurse staffing ratios for all hospital patient care areas. The Medical Center's financial models and human resources practices must comply with the ratios. The high nurse-to-patient ratios (for example, 1:4 in the Emergency Department, and 1:2 in intensive care, labor and delivery, and other specialty units) result in nurse staffing costs comprising a substantial portion of the Medical Center's expenses. The Medical Center's nurses are unionized, and the restrictions in the union contract impose additional burdens and costs on the Medical Center, as it must both comply with the nurse staffing ratios and provide nurses bargained for benefits.

Professional Liability Claims and General Liability Insurance. Professional and general liability suits and the dollar amounts of damage recoveries may have contributed to substantial increases in malpractice insurance premiums, higher deductibles and generally less coverage in recent years. Professional liability and other actions brought by aggrieved parties alleging wrongful conduct and seeking punitive damages are often filed against health care providers (including the Medical Center). Insurance may have high deductibles, may not cover all losses, and does not provide coverage for judgments of punitive damages. Insurance may not cover all losses the Medical Center suffers in connection with malpractice or other legal actions.

Litigation also arises from the corporate and business activities of hospitals, from a hospital's status as an employer or as a result of medical staff or provider network peer review or the denial of medical staff or provider network privileges. As with professional liability, many of these risks are covered by insurance, but some are not. For example, some antitrust claims or business disputes are not covered by insurance or other sources and may, in whole or in part, be a liability of the Medical Center if determined or settled adversely and may result in harm to the Medical Center's financial condition and results of operations.

There is no assurance that the Medical Center will be able to maintain insurance coverage amounts (and at premium levels) currently in place in the future, that the coverage will be sufficient to cover malpractice judgments rendered against, or other legal actions involving, the Medical Center or that such coverage will be available at a reasonable cost in the future.

Information Systems. The ability to adequately price and bill health care services and to accurately report financial results depends on the integrity of the data stored within information systems, as well as the operability of such systems. Information systems require an ongoing commitment of significant resources to maintain, protect and enhance existing systems and develop new systems to keep pace with continuing changes in information processing technology, evolving systems and regulatory standards. There can be no assurance that efforts by the Medical Center to upgrade and expand information systems' capabilities, protect and enhance these systems, and develop new systems to keep pace with continuing changes in information processing technology will be successful or that additional systems issues will not arise in the future.

Electronic media are also increasingly being used in clinical operations, including the conversion from paper to electronic medical records, computerization of order entry functions and the implementation of clinical decision-support software. The reliance on information technology for these purposes imposes new expectations on physicians and other workforce members to be adept in using and managing electronic systems. It also introduces risks related to patient safety, and to the privacy, accessibility and preservation of health information. See “—Regulatory Environment—HIPAA, HITECH and Other Privacy and Security Requirements” above. Technology malfunctions or failure to understand and use information systems properly could result in the dissemination of or reliance on inaccurate information, as well as in disputes with patients, physicians and other health care professionals. Health information systems may also be subject to different or higher standards or greater regulation than other information technology or the paper-based systems previously used by health care providers (including the Medical Center), which may increase the cost, complexity and risks of operations. All of these risks may have adverse consequences on hospitals and health care providers (including the Medical Center).

Access by Information Systems Vendors to Protected Health Information. The Medical Center relies on a number of outside vendors to supply applications and software used in its operations. Thus, in some instances, vendors have access to individually identifiable health information that relates to the Medical Center’s patients’ past, present, or future physical or mental health, health care, or payment for health care, as defined at 45 CFR § 160.103 (“Protected Health Information”). Even though the Medical Center takes many precautions to try and prevent the unauthorized use and disclosure of Protected Health Information by its vendors, including through the terms of its contracts and security requirements and through security audits and vulnerability assessments, it does not control the actions and practices of outside entities. In addition, despite the security measures the Medical Center has in place to try and ensure compliance with applicable laws and rules, its facilities and systems and those of its third-party service providers may be vulnerable to security breaches, acts of vandalism or theft, computer viruses, misplaced or lost data, programming and/or human errors or other similar events. Noncompliance with any privacy laws or any security breach involving the misappropriation, loss or other unauthorized use or disclosure of Protected Health Information or other personal information, whether by the Medical Center or by one of its vendors, could have a material adverse effect on the Medical Center’s business, reputation and results of operations, and could result in any or all of the following: material fines and penalties; compensatory, special, punitive, and statutory damages; consent orders regarding privacy and security practices; and adverse actions against the Medical Center’s licenses to do business.

Physician Financial Relationships. In addition to the physician integration relationships referred to above, the Medical Center enters into physician contracts for administrative services, on-call services, and hospitalist services, among others, performed by physicians in the Medical Center. In addition, the Medical Center enters into commercial arrangements with physicians and physician groups to provide a variety of outpatient services, and recruiting arrangements and physician services agreements with individual physicians. These and other financial relationships may involve financial and legal compliance risks for the Medical Center. From a compliance standpoint, these types of financial relationships may raise federal and state “anti-kickback” and Stark Law issues (see “Regulatory Environment,” above), as well as other legal and regulatory risks, and these could have a material adverse impact on the Medical Center. The Medical Center

attempts to mitigate against these risks by documenting any financial arrangement with a physician, and conducting an analysis to ensure that physicians are paid fair market value for any services received by the Medical Center. However, such activities may not prove sufficient to fully protect the Medical Center from such risks.

Section 340B Drug Pricing Program. Hospitals that participate in the prescription drug discount program established under Section 340B of the federal Public Health Service Act (the “340B Program”) are able to purchase certain outpatient drugs for their patients at reduced cost. The Medical Center currently participates in and receives discounts through the 340B Program.

On November 13, 2017, CMS issued a final rule reducing the reimbursement rates for hospitals participating in the 340B Program. Beginning January 1, 2018, the 340B Program reimbursements for hospitals for a given drug equals the average sales price of the drug minus 22.5%. This is a substantial reduction from the previous formula, which reimbursed hospital payments for a given drug at the average sales price of the drug plus 6%. CMS estimated these reimbursement changes will lead to about \$1.6 billion in reimbursement cuts, which CMS will use to increase non-drug pay rates for all hospitals under the Hospital Outpatient Prospective Payment System. Various hospital advocacy groups expressed intent to pursue legal actions to fight the reimbursement cuts in the future. The reduction in the 340B Program reimbursement may increase costs related to drug purchasing and have other adverse effects on the Medical Center’s ability to provide health care services to patients. The Medical Center cannot determine with a high level of certainty the future effects that the 340B Program reimbursement cuts will have on the hospital, including any changes to the reimbursement cuts by legislation, regulation, or legal decisions.

Cybersecurity Risks. Despite the implementation of network security measures by the Medical Center, its information technology systems may be vulnerable to breaches, hacker attacks, computer viruses, physical or electronic break-ins and other similar events or issues. Such events or issues could lead to the inadvertent disclosure of protected health information or other confidential information or could have an adverse effect on the ability of the Medical Center to provide health care services.

Medical Center’s Relationship with UCSD. As described more fully in APPENDIX A-1 – “INFORMATION CONCERNING THE EL CENTRO REGIONAL MEDICAL CENTER – Organization and Background,” the Master Management Agreement (“MMA”) with The Regents of the University of California, on behalf of the UC San Diego Health System and School of Medicine (“UCSD”) became effective on January 1, 2016 and has a term of five years, and if neither party gives notice of termination, then after the first five-year term, the MMA automatically renews for a second five-year term. Either party may terminate the MMA as of the end of the initial term or any renewal term by delivery of 180 days’ advance written notice to the other party. The MMA may also be terminated upon the occurrence of certain other events involving the Medical Center, including the suspension or revocation of the Medical Center’s licenses, expulsion, suspension or debarment of the Medical Center from federal or state health care programs, or a change in control of the governance or operation of the Medical Center. In the event that the MMA is terminated, the Medical Center may lose the numerous benefits of having a team from UCSD participate in certain aspects of the Medical Center’s management, which include access to supply chain management tools, enhanced purchasing, technology

systems, advanced patient care protocols and processes, and guidance to the Medical Staff Office, among others. In addition, if the MMA is terminated, the Medical Center may not be able to make available to patients physicians in certain specialties, and the Medical Center may lose access to additional physicians and trainees from UCSD who treat patients at the Medical Center. The Medical Center currently has a separate contract with UCSD for UCSD to manage the Medical Center's Emergency Department (the "ED Agreement"). The Medical Center also has a contract with UCSD for UCSD to provide telemedicine services, through UCSD's tele-stroke, tele-neurology and tele-mental health programs (the "Telemedicine Agreement"). Neither the ED Agreement nor the Telemedicine Agreement is contingent upon the MMA being in place, but both can be terminated upon written notice. If the MMA is no longer in place, then UCSD might elect to terminate the ED Agreement and Telemedicine Agreement and, in such event, UCSD will cease to manage the Medical Center's Emergency Department or to provide Telemedicine services. In addition, the Chief Medical Officer of the Medical Center and the Chief Executive Officer of the Medical Center are both employed by UCSD. If the MMA is terminated, then it is possible those UCSD employees would no longer provide services to the Medical Center and would seek a different position within the University of California system. The long term success of the Medical Center is dependent, in part, on the ongoing collaboration and the alignment of the Medical Center's interests with those of UCSD. If the Medical Center does not continue its relationship with UCSD for any reason, the Medical Center's financial condition and results of operations may suffer.

Construction Risks. Construction of the Series 2018 Medical Center Projects is subject to several inherent risks, some of which the Medical Center has little or no control over. These risks include the necessity of arranging financings to provide the capital required to complete the construction; difficulties or delays in obtaining zoning, land use, building, occupancy, licensing, certificate of need and other required governmental permits and approvals; failure to complete the Series 2018 Medical Center Projects on budget and on schedule; failure of third-party contractors and subcontractors to perform under their contracts; shortages of labor or materials that could delay construction of the Series 2018 Medical Center Projects or make them more expensive; adverse weather conditions that could delay completion of construction of the Series 2018 Medical Center Projects; increased costs resulting from general economic conditions or increases in the cost of materials; and increased costs as a result of changes in laws and regulations. The Medical Center cannot provide any assurances that it will not experience delays or complications in connection with construction of the Series 2018 Medical Center Projects. Failure of the Medical Center and its contractors and subcontractors to complete construction of the Series 2018 Medical Center Projects on schedule and within budget could adversely impact the Medical Center's results of operation and financial condition.

Departure of Key Employees. The Medical Center is dependent on the efforts of its executive officers and other key employees. The unforeseen loss or limited availability of the services of any of the Medical Center's executive officers or key employees, or the Medical Center's inability to recruit and retain qualified personnel in the future, could, at least temporarily, have an adverse effect on its business, results of operations and financial condition and be negatively perceived by the public. In particular, there were several senior management changes at the Medical Center in 2016, including a new Chief Executive Officer, a new Chief Financial Officer, and the addition of a Chief Medical Officer (which was a new position created in connection with the UCSD relationship). While the Medical Center is not aware of any other

currently contemplated changes in senior management, the Medical Center can provide no assurances that there will not be similar changes in its senior management in the future.

Licensing, Surveys, Investigations and Audits

Healthcare facilities, including those of the Medical Center, are subject to numerous legal, regulatory, professional and private licensing, certification and accreditation requirements. These include, but are not limited to, requirements relating to Medicare and Medi-Cal participation and payment, state licensing agencies and private payers. Renewal and continuation of certain of these licenses, certifications and accreditations are based on inspections, surveys, audits, investigations or other reviews, some of which may require or include affirmative activity or response by the Medical Center. These activities generally are conducted in the normal course of business of healthcare facilities. Nevertheless, an adverse result could cause a loss or reduction in the Medical Center's scope of licensure, certification or accreditation, could reduce the payment received, or could require repayment of amounts previously remitted to the provider.

Management of the Medical Center currently anticipates no difficulty renewing or continuing currently held licenses, certifications or accreditations, nor does it anticipate a reduction in third-party payments from such events that would materially adversely affect the operations or financial condition of the Medical Center. Nevertheless, actions in any of these areas could result in the loss of utilization or revenues, or the Medical Center's ability to operate all or a portion of its healthcare facilities, and, consequently, could have a material and adverse effect on the Medical Center's ability to make the debt service payments relating to the Series 2018 Bonds.

Indebtedness and Trading Market

The Medical Center will have a substantial amount of Indebtedness, which could have a material adverse effect on its financial condition and its ability to obtain financing in the future and to react to changes in its business. The Medical Center's significant amount of debt and its debt service obligations could limit its ability to satisfy its obligations, limit its ability to operate its business and impair its competitive position. For example, it could: (a) make it more difficult for the Medical Center to satisfy its obligations under the Series 2018 Bonds; (b) increase the Medical Center's vulnerability to adverse economic and general industry conditions; (c) require the Medical Center to dedicate a substantial portion of its cash flow from operations to payments on its debt, which would reduce the availability of its cash flow from operations to fund working capital, capital expenditures or other general corporate purposes; (d) limit the Medical Center's flexibility in planning for, or reacting to, changes in its business and industry; (e) place the Medical Center at a disadvantage compared to competitors that may have proportionately less debt; (f) limit the Medical Center's ability to obtain additional financing due to applicable financial and restrictive covenants in its debt agreements; and (g) increase its cost of borrowing.

The Medical Center recently required waivers of defaults under the documents governing the Refunded Bonds, resulting from its failure to comply with certain financial

covenants. See APPENDIX A-1 – “INFORMATION CONCERNING THE EL CENTRO REGIONAL MEDICAL CENTER – Long-Term Indebtedness and Capitalization.”

The Medical Center may not be able to generate sufficient cash to service all of its indebtedness, including the Series 2018 Bonds. The Medical Center’s ability to make scheduled payments on or to refinance its debt obligations depends on its financial condition and operating performance, which is subject to prevailing economic and competitive conditions and to certain financial, business and other factors beyond the Medical Center’s control. The Medical Center cannot assure investors that it will maintain a level of cash flows from operating activities sufficient to permit it to pay the principal, premium, if any, and interest on its Indebtedness, including the Series 2018 Installment Purchase Payments. If the Medical Center’s cash flows and capital resources are insufficient to fund its debt service obligations, the Medical Center may be forced to reduce or delay investments and capital expenditures, or to sell assets, seek additional capital or restructure or refinance its indebtedness, including the Series 2018 Bonds. These alternative measures may not be successful and may not permit the Medical Center to meet its scheduled debt service obligations. If the Medical Center’s operating results and available cash are insufficient to meet its debt service obligations, it could face substantial liquidity problems and might be required to dispose of material assets or operations to meet its debt service and other obligations. The Medical Center may not be able to consummate those dispositions or to obtain the proceeds that it could realize from them, and these proceeds may not be adequate to meet any debt service obligations then due. Any future refinancing of the Medical Center’s indebtedness could be at higher interest rates and may require it to comply with more onerous covenants which could further restrict its business operations. The obligation of the City, acting through the Medical Center, to make the Installment Purchase Payments and any other payments required under the Installment Purchase Agreement is a special limited obligation of the City payable solely from the Gross Revenues. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2018 BONDS – Limited Obligation” herein.

There may not be a liquid trading market for the Series 2018 Bonds. The Authority, the City and the Medical Center cannot assure the liquidity of the trading market for the Series 2018 Bonds. If an active trading market for the Series 2018 Bonds does not develop, the market price and liquidity of the Series 2018 Bonds may be adversely affected. If the Series 2018 Bonds are traded, they may trade at a discount from their initial offering price, depending on prevailing interest rates, the market for similar securities, operating performance and financial condition of the Authority, the City or the Medical Center, general economic conditions and other factors.

Bankruptcy

The Medical Center is a municipal hospital, separate agency and enterprise operation of the City and therefore a bankruptcy petition by the City could have certain adverse impacts on the Medical Center. Subject only to the provisions of the Installment Purchase Agreement permitting the application thereof for the purposes and on the terms and conditions set forth therein, there is a first lien on and security interest in the Gross Revenue Fund and all of the Gross Revenues of the Medical Center to secure the payment of the Installment Purchase Payments and the Supplemental Payments and the performance by the City and the Medical Center of their other obligations under the Installment Purchase Agreement and any payment with respect to Parity Debt.

The City and the Medical Center believe that the Gross Revenues are “special revenues” within the meaning of the Bankruptcy Code. “Special revenues” are defined by the Bankruptcy Code to include, among other revenue, receipts derived from the ownership, operation, or disposition of projects or systems of the debtor that are primarily used or intended to be used primarily to provide utility or other services. Although the filing of a bankruptcy petition would operate as an automatic stay against any action to recover a claim against or obtain money or other property from or enforce a lien against the City, under the Bankruptcy Code the automatic stay does not extend to application of pledged “special revenues” in excess of necessary operating expenses of the project or system from which they are derived. Although the pledge of and lien on Gross Revenues constitutes a consensual lien, rather than a statutory lien, a consensual lien on “special revenues” remains effective after commencement of a chapter 9 case, as would a statutory lien.

The City and the Medical Center note that many issues under chapter 9 of the Bankruptcy Code, including issues relevant to the impairment of obligations payable from and secured by “special revenues,” have not yet been the subject of reported appellate decisions, and certain commentators and parties in other cases have taken positions that could result in impairment of such obligations and liens were such positions adopted by the courts. Nevertheless, for the reasons discussed above and below, the City and the Medical Center believe that the pledge of and lien on Gross Revenues as security for payment of the Installment Purchase Payments (including the Series 2018 Installment Purchase Payments) would be recognized, given effect, and enforced throughout and after conclusion of a bankruptcy case.

As stated, the protection afforded by the Bankruptcy Code to pledges of and liens on “special revenues” after the commencement of a case extends only to “special revenues” that are not needed to pay necessary operating expenses of the project or system from which they were derived. It is not clear precisely which expenses would constitute necessary operating expenses, and the definition of Gross Revenues in the Installment Purchase Agreement would not be controlling. Consequently, a court could reduce Gross Revenues available to pay Owners of the Series 2018 Bonds during the pendency of a bankruptcy case, or any subsequent chapter 9 case initiated by the City, if it concludes that expenses not deducted by the Installment Purchase Agreement to calculate Gross Revenues nevertheless are necessary operating expenses.

The various legal opinions to be delivered concurrently with the issuance of the Series 2018 Bonds will be qualified as to the enforceability of the various legal instruments by limitations imposed by State and federal laws, rulings and decisions affecting remedies, and by bankruptcy, reorganization or other laws of general application affecting the enforcement of creditors’ rights, including equitable principles.

Environmental Risks

There are potential risks relating to liabilities for environmental conditions with respect to the Medical Center’s ownership of and maintenance of its healthcare facilities. If hazardous substances are found to be located on property, owners of such property may be held liable for costs and other liabilities related to the presence, migration or removal of such substances, which costs and liabilities could exceed the value of the property. The Medical Center is not aware of any pending or threatened claim, investigation or enforcement action regarding environmental

issues relating to its facilities. Any future claim, investigation or enforcement action, if determined adversely to the Medical Center, could have material adverse consequences to the operations or financial condition of the Medical Center and could likely impact the ability of the Medical Center to pay debt service on the Series 2018 Bonds when due.

Seismic Risks

The Medical Center is located in a region which has experienced severe earthquakes and may be subject to unpredictable seismic activity in the future. An occurrence of severe seismic activity in the area may result in substantial damage to and interference with the Medical Center's facilities and operations, including the Series 2018 Medical Center Projects, although the Medical Center believes that the Series 2018 Medical Center Projects are being constructed to current earthquake standards.

The Medical Center relies on general reserves as well as the expectation that some disaster relief funds will be available from the Federal Emergency Management Agency ("FEMA") to address any damage resulting from seismic activity. There is no assurance that, in the event of a significant seismic event, a combination of Medical Center reserves and FEMA assistance would be available or sufficient for the repair or replacement of all or any component of the Project. The Medical Center does not have earthquake insurance covering any of its properties or assets (including the Series 2018 Medical Center Projects).

FINANCIAL STATEMENTS

The financial statements of the Medical Center for the Fiscal Year ended June 30, 2017 are attached as APPENDIX B to this Limited Offering Memorandum and have been independently audited by Wipfli LLP (the "Auditor"), certified public accountants, as stated in its report therein. The Auditor has been engaged by the Medical Center to perform, and has performed, certain procedures on the financial statements of the Medical Center for the Fiscal Year ended June 30, 2017. The Auditor has also performed certain procedures relating to APPENDIX A-1 – "INFORMATION CONCERNING THE EL CENTRO REGIONAL MEDICAL CENTER."

NO LITIGATION

There is no action, suit, or proceeding known by the Authority, the City or the Medical Center to be pending or threatened at the present time restraining or enjoining the delivery or in any way contesting or affecting the validity of the Series 2018 Bonds, the Trust Agreement, the Installment Purchase Agreement or any proceedings of the Authority, the City or the Medical Center taken with respect to the execution or delivery thereof.

TAX MATTERS

Tax Exemption

The Internal Revenue Code of 1986 (the "Code") imposes certain requirements that must be met subsequent to the issuance and delivery of the Series 2018 Bonds for interest thereon to be and remain excluded pursuant to section 103(a) of the Code from the gross income of the

owners thereof for federal income tax purposes. Noncompliance with such requirements could cause the interest on the Series 2018 Bonds to be included in the gross income of the owners thereof for federal income tax purposes retroactive to the date of issuance of the Series 2018 Bonds. Each of the Authority, the City and the Medical Center will covenant to maintain the exclusion of the interest on the Series 2018 Bonds from the gross income of the owners thereof for federal income tax purposes.

In the opinion of Norton Rose Fulbright US LLP, Los Angeles, California, Bond Counsel, under existing statutes, regulations, rulings and court decisions, interest on the Series 2018 Bonds is exempt from personal income taxes of the State and, assuming compliance with the covenants mentioned herein, interest on the Series 2018 Bonds is excluded pursuant to section 103(a) of the Code from the gross income of the owners thereof for federal income tax purposes. In the further opinion of Bond Counsel, under existing statutes, regulations, rulings and court decisions, the Series 2018 Bonds are not “specified private activity bonds” within the meaning of section 57(a)(5) of the Code and, therefore, interest on the Series 2018 Bonds will not be treated as an item of tax preference for purposes of computing the alternative minimum tax imposed by section 55 of the Code.

Pursuant to the Installment Purchase Agreement and the Trust Agreement and in the *Tax Certificate Pertaining to Arbitrage and Other Matters under Sections 103 and 141-150 of the Internal Revenue Code of 1986*, to be delivered by the Authority, the City and the Medical Center in connection with the issuance of the Series 2018 Bonds, each of the Authority, the City and the Medical Center will make representations relevant to the determination of, and will make certain covenants regarding or affecting, the exclusion of interest on the Series 2018 Bonds from the gross income of the owners thereof for federal income tax purposes. In reaching its opinions described in the immediately preceding paragraph, Bond Counsel will assume the accuracy of such representations and the present and future compliance by each of the Authority, the City and the Medical Center with such covenants.

Except as stated in this section above, Bond Counsel will express no opinion as to any federal or state tax consequence of the receipt of interest on, or the ownership or disposition of, the Series 2018 Bonds. Furthermore, Bond Counsel will express no opinion as to any federal, state or local tax law consequence with respect to the Series 2018 Bonds, or the interest thereon, if any action is taken with respect to the Series 2018 Bonds or the proceeds thereof predicated or permitted upon the advice or approval of other counsel. Bond Counsel has not undertaken to advise in the future whether any event after the date of issuance of the Series 2018 Bonds may affect the tax status of interest on the Series 2018 Bonds or the tax consequences of the ownership of the Series 2018 Bonds.

Bond Counsel’s opinion is not a guarantee of a result, but represents its legal judgment based upon its review of existing statutes, regulations, published rulings and court decisions and the representations and covenants of the Authority, the City and the Medical Center described above. No ruling has been sought from the Internal Revenue Service (the “Service”) with respect to the matters addressed in the opinion of Bond Counsel, and Bond Counsel’s opinion is not binding on the Service. The Service has an ongoing program of auditing the tax-exempt status of the interest on municipal obligations. If an audit of the Series 2018 Bonds is commenced, under current procedures the Service is likely to treat the Authority as the

“taxpayer,” and the owners would have no right to participate in the audit process. In responding to or defending an audit of the tax-exempt status of the interest on the Series 2018 Bonds, the Authority may have different or conflicting interests from the owners. Public awareness of any future audit of the Series 2018 Bonds could adversely affect the value and liquidity of the Series 2018 Bonds during the pendency of the audit, regardless of its ultimate outcome.

Existing law may change to reduce or eliminate the benefit to Owners of the exemption of interest on the Series 2018 Bonds from personal income taxation by the State of California or of the exclusion of the interest on the Series 2018 Bonds from the gross income of the owners thereof for federal income tax purposes. Any proposed legislation or administrative action, whether or not taken, could also affect the value and marketability of the Series 2018 Bonds. Prospective purchasers of the Series 2018 Bonds should consult with their own tax advisors with respect to any proposed or future change in tax law.

A copy of the form of opinion of Bond Counsel relating to the Series 2018 Bonds is included in APPENDIX G hereto.

Original Issue Discount

The excess, if any, of the stated redemption price at maturity of Series 2018 Bonds of a maturity over the initial offering price to the public of the Series 2018 Bonds of that maturity is “original issue discount.” Original issue discount accruing on a Series 2018 Bond is treated as interest excluded from the gross income of the owner thereof for federal income tax purposes and is exempt from California personal income tax to the same extent as would be stated interest on that Series 2018 Bond. Original issue discount on any Series 2018 Bond purchased at such initial offering price and pursuant to such initial offering will accrue on a semiannual basis over the term of the Series 2018 Bond on the basis of a constant yield method and, within each semiannual period, will accrue on a ratable daily basis. The amount of original issue discount on such a Series 2018 Bond accruing during each period is added to the adjusted basis of such Series 2018 Bond to determine taxable gain upon disposition (including sale, redemption or payment on maturity) of such Series 2018 Bond. The Code includes certain provisions relating to the accrual of original issue discount in the case of purchasers of Series 2018 Bonds who purchase such Series 2018 Bonds other than at the initial offering price and pursuant to the initial offering

Persons considering the purchase of Series 2018 Bonds with original issue discount should consult with their own tax advisors with respect to the determination of original issue discount on such Series 2018 Bonds for federal income tax purposes and with respect to the state and local tax consequences of owning and disposing of such Series 2018 Bonds.

Tax Accounting Treatment of Bond Premium

To the extent that a purchaser of a Series 2018 Bond acquires that Series 2018 Bond at a price in excess of its “stated redemption price at maturity” (within the meaning of section 1273(a)(2) of the Code), such excess will constitute “bond premium” under the Code. Section 171 of the Code, and the Treasury Regulations promulgated thereunder, provide generally that bond premium on a tax-exempt obligation must be amortized over the remaining term of the

obligation (or a shorter period in the case of certain callable obligations); the amount of premium so amortized will reduce the owner's basis in such obligation for federal income tax purposes, but such amortized premium will not be deductible for federal income tax purposes. Such reduction in basis will increase the amount of any gain (or decrease the amount of any loss) to be recognized for federal income tax purposes upon a sale or other taxable disposition of the obligation. The amount of premium that is amortizable each year by a purchaser is determined by using such purchaser's yield to maturity. The rate and timing of the amortization of the bond premium and the corresponding basis reduction may result in an owner realizing a taxable gain when its Series 2018 Bond is sold or disposed of for an amount equal to or in some circumstances even less than the original cost of the Series 2018 Bond to the owner.

Persons considering the purchase of Series 2018 Bonds with initial bond premium should consult with their own tax advisors with respect to the determination of amortizable bond premium on such Series 2018 Bonds for federal income tax purposes and with respect to the state and local tax consequence of owning and disposing of such Series 2018 Bonds.

Other Tax Consequences

Although interest on the Series 2018 Bonds may be exempt from State personal income tax and excluded from the gross income of the Owners thereof for federal income tax purposes, an Owner's federal, state or local tax liability may be otherwise affected by the ownership or disposition of the Series 2018 Bonds. The nature and extent of these other tax consequences will depend upon the owner's other items of income or deduction. Without limiting the generality of the foregoing, prospective purchasers of the Series 2018 Bonds should be aware that (i) section 265 of the Code denies a deduction for interest on indebtedness incurred or continued to purchase or carry the Series 2018 Bonds and the Code contains additional limitations on interest deductions applicable to financial institutions that own tax-exempt obligations (such as the Series 2018 Bonds), (ii) with respect to insurance companies subject to the tax imposed by section 831 of the Code, section 832(b)(5)(B)(i) reduces the deduction for loss reserves by 15% of the sum of certain items, including interest on the Series 2018 Bonds, (iii) interest on the Series 2018 Bonds earned by certain foreign corporations doing business in the United States could be subject to a branch profits tax imposed by section 884 of the Code, (iv) passive investment income, including interest on the Series 2018 Bonds, may be subject to federal income taxation under section 1375 of the Code for Subchapter S corporations that have Subchapter C earnings and profits at the close of the taxable year if greater than 25% of the gross receipts of such Subchapter S corporation is passive investment income, (v) section 86 of the Code requires recipients of certain Social Security and certain Railroad Retirement benefits to take into account, in determining the taxability of such benefits, receipts or accruals of interest on the Series 2018 Bonds and (vi) under section 32(i) of the Code, receipt of investment income, including interest on the Series 2018 Bonds, may disqualify the recipient thereof from obtaining the earned income credit. Pursuant to Section 12001 of the Tax Cuts and Jobs Act, the alternative minimum tax imposed on corporations under section 55 of the Code has been repealed for tax return years commencing after December 31, 2017. Receipt or accrual of interest on 2018 Bonds owned by a corporation during a tax return year commencing prior to such date may affect the computation of its alternative minimum taxable income for that return year. Bond Counsel will express no opinion regarding any such other tax consequences.

CERTAIN LEGAL MATTERS

The validity of the Series 2018 Bonds and certain other legal matters are subject to the approving opinion of Norton Rose Fulbright US LLP, Bond Counsel to the Authority. A complete copy of the proposed form of Bond Counsel opinion is attached as APPENDIX G hereto. Bond Counsel undertakes no responsibility for the accuracy, completeness or fairness of this Limited Offering Memorandum. Certain legal matters will be passed on for the Authority and the City by its Counsel, Elizabeth Martyn, and by its Disclosure Counsel, Norton Rose Fulbright US LLP, Los Angeles, California, for the Medical Center by Sheppard Mullin Richter & Hampton LLP, San Diego, California and for the Underwriter by its counsel, Greenberg Traurig, LLP, Boston, Massachusetts. Compensation paid to Bond Counsel and Disclosure Counsel is conditioned upon the successful issuance of the Series 2018 Bonds.

NO RATING

No rating has been requested by the Authority for the Series 2018 Bonds.

UNDERWRITING

The Series 2018 Bonds will be purchased for reoffering by KeyBanc Capital Markets, Inc. (the “Underwriter”) pursuant to a bond purchase contract to be entered into by and among the Authority, the City, the Medical Center and the Underwriter prior to the issuance of the Series 2018 Bonds. The Underwriter will agree, subject the conditions set forth in the bond purchase contract, to purchase the Series 2018 Bonds at an aggregate price equal to \$_____ (representing the principal amount of the Series 2018 Bonds, [plus/less] original issue [premium/discount] in the amount of \$_____, less an underwriter’s discount in the amount of \$_____). The Underwriter will agree to reoffer the Series 2018 Bonds at the initial reoffering prices or yields set forth on the inside cover page hereof. The public offering prices or yields set forth on the inside cover page of this Limited Offering Memorandum may be changed after the initial offering by the Underwriter.

The Underwriter and its affiliates are financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities. The Underwriter and its affiliates have, from time to time, performed, and may in the future perform, various investment banking services for the Authority and/or the Medical Center, for which they received or will receive customary fees and expenses.

In the ordinary course of their various business activities, the Underwriter and its affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (which may include bank loans and/or credit default swaps) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of the Authority and/or the Medical Center. An affiliate of the Underwriter owns a significant portion of the Refunded Bonds and will be entitled to payment of the redemption price payable in connection with the redemption of the Refunded Bonds.

MUNICIPAL ADVISOR

The Medical Center has retained Wulff Hansen & Co., San Francisco, California, as Municipal Advisor in connection with the issuance of the Series 2018 Bonds. Unless specifically noted, the Municipal Advisor is not obligated to undertake, and has not undertaken to make, an independent verification or assume responsibility for the accuracy, completeness or fairness of the information contained in this Limited Offering Memorandum. The Municipal Advisor is an independent municipal advisory firm and is not engaged in the business of underwriting, trading or distributing municipal securities or other public securities. Compensation paid to the Municipal Advisor is contingent upon the successful issuance of the Series 2018 Bonds.

CONTINUING DISCLOSURE

The Authority has determined that no financial or operating data concerning the Authority is material to any decision to purchase, hold or sell the Series 2018 Bonds and the Authority will not provide any such information.

The City and the Medical Center have agreed to execute the Continuing Disclosure Agreement and will covenant therein for the benefit of the Beneficial Owners of the Series 2018 Bonds to provide certain financial information and operating data by not later than [180] days after the end of the Medical Center's fiscal year, commencing with the fiscal year ended June 30, 2018 (the "Annual Reports"), to provide Quarterly Reports as described in the Continuing Disclosure Agreement, and to provide notices of the occurrence of certain enumerated events (the "Listed Events"). The Annual Reports, Quarterly Reports and notices of Listed Events will be filed with the MSRB by the Dissemination Agent under the terms of the Continuing Disclosure Agreement. These covenants are being made in order to assist the Underwriter of the Series 2018 Bonds in complying with Rule 15c2-12. See APPENDIX E – "FORM OF CONTINUING DISCLOSURE AGREEMENT." The City and the Medical Center have retained Wulff Hansen & Co. to serve as dissemination agent (the "Dissemination Agent") under the Continuing Disclosure Agreement.

In connection with the El Centro Financing Authority Insured Hospital Revenue Bonds (El Centro Regional Medical Center Project), Series 2001 (the "2001 Bonds"), the City and the Medical Center failed to (i) timely file audited financial statements of the Medical Center for Fiscal Years 2012, 2013 and 2014, (ii) timely file the annual reports for Fiscal Years 2012 and 2013, (iii) and file the annual report for Fiscal Year 2014. In addition, the rating on the Office of Statewide Health Planning and Development, the insurer for the 2001 Bonds, was upgraded from "A-" to "A" on February 1, 2013 and from "A" to "A+" on November 6, 2014; however, an event notice was not filed with the MSRB for either of these upgrades.

MISCELLANEOUS

All quotations from, and summaries and explanations of the Trust Agreement, the Installment Purchase Agreement, the Series 2018 Bonds or other documents and statutes contained herein do not purport to be complete, and reference is made to such documents and statutes for full and complete statements of their provisions. This Limited Offering Memorandum is submitted only in connection with the sale of the Series 2018 Bonds by the

Authority. All estimates, assumptions, statistical information and other statements contained herein, while taken from sources considered reliable, are not guaranteed by the Authority, the City, the Medical Center, the Municipal Advisor or the Underwriter. The information contained herein should not be construed as representing all conditions affecting the Authority, the City, the Medical Center or the Series 2018 Bonds.

All information contained in this Limited Offering Memorandum pertaining to the Authority, the City and the Medical Center has been furnished by the Authority, the City and the Medical Center and the execution and delivery of this Limited Offering Memorandum has been duly authorized by the Authority and the Medical Center.

EL CENTRO FINANCING AUTHORITY

By: _____
Executive Director

EL CENTRO REGIONAL MEDICAL CENTER

By: _____
Chief Executive Officer

[insert Appendix A-1 and A-2]

APPENDIX B
AUDITED FINANCIAL STATEMENTS FOR
FISCAL YEAR ENDED JUNE 30, 2017

Attachment: Limited Offering Memorandum - El Centro Regional Medical Center - Series.._ (2673 : ECRMC Bond Refinancing)

[insert Appendix C]

APPENDIX D

**FORM OF TRUST AGREEMENT
AND INSTALLMENT PURCHASE AGREEMENT**

Attachment: Limited Offering Memorandum - El Centro Regional Medical Center - Series.._ (2673 : ECRMC Bond Refinancing)

APPENDIX E
FORM OF CONTINUING DISCLOSURE AGREEMENT

Attachment: Limited Offering Memorandum - El Centro Regional Medical Center - Series.._ (2673 : ECRMC Bond Refinancing)

APPENDIX F

BOOK ENTRY SYSTEM

The information in this Appendix F concerning The Depository Trust Company, New York, New York (“DTC”), and DTC’s Book-Entry System has been obtained from DTC and the Authority and the Trustee take no responsibility for the completeness or accuracy thereof.

The Authority and the Trustee cannot and do not give any assurances that DTC (defined below), DTC Participants or Indirect Participants or others will distribute any (a) payments of principal or purchase price or interest with respect to the Series 2018 Bonds, (b) certificates representing ownership interest in or other confirmation or ownership interest in the Series 2018 Bonds, or (c) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Series 2018 Bonds, or that they will do so on a timely basis, or that DTC, DTC Participants or DTC Indirect Participants will act in the manner described in this Appendix F. The current “Rules” applicable to DTC are on file with the Securities and Exchange Commission and the current “Procedures” of DTC to be followed in dealing with DTC Participants are on file with DTC. The Authority and the Trustee are not responsible or liable for the failure of DTC or any DTC Participant to make any payment or give any notice to a Beneficial Owner (as defined below) with respect to the Series 2018 Bonds or an error or delay relating thereto.

The Depository Trust Company, New York, NY, will act as securities depository for the Series 2018 Bonds. The Series 2018 Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered bond certificate will be issued for each maturity of the Series 2018 Bonds, in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation, and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or

maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has a Standard & Poor’s rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com. The information set forth on such website is not incorporated by reference herein.

Purchases of Series 2018 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2018 Bonds on DTC’s records. The ownership interest of each actual purchaser of each Series 2018 Bond (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2018 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Series 2018 Bonds, except in the event that use of the book-entry system for the Series 2018 Bonds is discontinued.

To facilitate subsequent transfers, all Series 2018 Bonds deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Series 2018 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2018 Bonds; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Series 2018 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to DTC. If less than all of the Series 2018 Bonds within an issue are being redeemed, DTC’s practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Series 2018 Bonds unless authorized by a Direct Participant in accordance with DTC’s MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.’s consenting or voting rights to those Direct Participants to whose accounts Series 2018 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal, premium, if any, and interest payments on the Series 2018 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Trustee, on a payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee, the Trustee, or the Authority, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, premium, if any, and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Series 2018 Bonds at any time by giving reasonable notice to the Trustee. Under such circumstances, in the event that a successor depository is not obtained, bond certificates are required to be printed and delivered.

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

APPENDIX G

FORM OF BOND COUNSEL OPINION

[Closing Date]

El Centro Financing Authority
1275 Main Street
El Centro, California 92243

City of El Centro
1275 Main Street
El Centro, California 92243

El Centro Regional Medical Center
1415 W. Ross Avenue
El Centro, California 92243

Re: \$_____ El Centro Financing Authority Hospital Revenue Refunding Bonds
 (El Centro Regional Medical Center Project) Series 2018

Ladies and Gentlemen:

We have acted as bond counsel in connection with the issuance by the El Centro Financing Authority (the “Authority”) of its \$_____ El Centro Financing Authority Hospital Revenue Refunding Bonds (El Centro Regional Medical Center Project) Series 2018 (the “Bonds”), pursuant to the provisions of Article 4 of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California (the “Bond Law”), a Trust Agreement, dated as of April 1, 2018 (the “Trust Agreement”), by and between the Authority and MUFG Union Bank, N.A., as trustee (the “Trustee”), and a resolution of the governing body of the Authority adopted on _____, 2018 (the “Resolution”). The proceeds of the Bonds will be applied by the Authority to refund all of the Authority’s outstanding Hospital Revenue Refunding Bonds (El Centro Regional Medical Center Project), Series 2015A and Hospital Revenue Refunding Bonds (El Centro Regional Medical Center Project), Series 2015B and finance additional improvements for the El Centro Regional Medical Center (the “Medical Center”). The Bonds are special limited obligations of the Authority payable from Revenues, that consist primarily of Installment Purchase Payments to be made by the City of El Centro, California (the “City”) pursuant to the Installment Purchase Agreement, dated as of April 1, 2018 (the “Installment Purchase Agreement”), among the Authority, the City and the Medical Center. Capitalized terms used herein and not otherwise defined shall have the meanings assigned to them in the Trust Agreement and the Installment Purchase Agreement, as applicable.

We have examined the Bond Law and other statutes and such certified proceedings and other papers as we deem necessary to render this opinion. As to questions of fact material to our opinion, we have relied upon representations of the Authority and the City contained in the Trust Agreement, the Installment Purchase Agreement, and in the certified proceedings, and upon other certifications furnished to us, without undertaking to verify the same by independent investigation.

Based upon the foregoing, we are of the opinion that:

1. The Authority is a joint powers authority duly organized and validly existing under the laws of the State of California, with power to enter into the Trust Agreement and the Installment Purchase Agreement, to perform the agreements on its part contained therein and to issue the Bonds.
2. The Bonds have been duly authorized, executed and delivered by the Authority in accordance with the Bond Law, the Resolution and the Trust Agreement and constitute legal, valid and binding special obligations of the Authority enforceable in accordance with their terms and payable solely from the sources provided therefor in the Trust Agreement.
3. The Trust Agreement has been duly authorized, executed and delivered by the Authority and, assuming due authorization, execution and delivery by the Trustee, the Trust Agreement constitutes a legal, valid and binding agreement of the Authority enforceable against the Authority in accordance with its terms.
4. The Trust Agreement establishes a valid pledge of the Revenues (as such term is defined in the Trust Agreement) and other funds pledged thereby for the security of the Bonds, in accordance with the terms of the Trust Agreement.
5. The City is a charter city duly organized and validly existing under the laws of the State of California, with power to enter into the Installment Purchase Agreement and to perform the agreements on its part contained therein.
6. The Medical Center is a municipal hospital, separate agency and enterprise operation of the City duly organized and existing under and by virtue of the laws of the State of California, established pursuant to Ordinance No. 85-11, enacted by the City on October 2, 1985, as amended, with full power and authority to enter into the Installment Purchase Agreement and to perform the agreements on its part contained therein.
7. The Installment Purchase Agreement has been duly authorized, executed and delivered by the City, the Medical Center and the Authority and constitutes a legal, valid and binding agreement of the City, the Medical Center and the Authority enforceable against the City, the Medical Center and the Authority in accordance with its terms.
8. The Installment Purchase Agreement establishes a valid pledge of the Gross Revenues (as such term is defined in the Trust Agreement) to secure the payment of the Installment Purchase Payments (as defined in the Trust Agreement).
9. Under existing statutes, regulations, rulings and court decisions, interest on the Bonds is exempt from personal income taxes of the State of California and, assuming compliance with the covenants mentioned herein, interest on the Bonds is excluded pursuant to section 103(a) of the Code from the gross income of the owners thereof for federal income tax purposes. It is the further opinion of Bond Counsel that, under existing statutes, regulations, rulings and court decisions, the Bonds are not “specified private activity bonds” within the meaning of section 57(a)(5) of the Code and, therefore, that interest on the Bonds will not be treated as an item of tax preference for purposes of computing the alternative minimum tax imposed by section 55 of the Code.

The Code imposes certain requirements that must be met subsequent to the issuance and delivery of the Bonds for interest thereon to be and remain excluded pursuant to section 103(a) of the Code from the gross income of the owners thereof for federal income tax purposes. Non-compliance with such requirements could cause the interest on the Bonds to fail to be excluded from the gross income of the owners thereof retroactive to the date of issuance of the Bonds. Pursuant to the Trust Agreement, the Installment Purchase Agreement and in the *Tax Certificate as to Arbitrage and the Provisions of Sections 103 and 141-150 of the Internal Revenue Code of 1986* being delivered by the Authority and the City in connection with the issuance of the Bonds, each of the Authority and the City is making representations relevant to the determination of, and is undertaking certain covenants regarding or affecting, the exclusion of interest on the Bonds from the gross income of the owners thereof for federal income tax purposes. In reaching our opinions described in the immediately preceding paragraph, we have assumed the accuracy of such representations and the present and future compliance by each of the Authority and the City with such covenants. Further, except as stated in the preceding paragraph, we express no opinion as to any federal or state tax consequence of the receipt of interest on, or the ownership or disposition of, the Bonds. Furthermore, we express no opinion as to any federal, state or local tax law consequence with respect to the Bonds, or the interest thereon, if any action is taken with respect to the Bonds or the proceeds thereof predicated or permitted upon the advice or approval of other counsel.

The rights of the owners of the Bonds and the enforceability of the Installment Purchase Agreement, the Trust Agreement and the Bonds may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted and may also be subject to the exercise of judicial discretion in appropriate cases. The enforceability of the Installment Purchase Agreement, the Trust Agreement and the Bonds is subject to the effect of general principles of equity, including, without limitation, concepts of materiality, reasonableness, good faith and fair dealing, to the possible unavailability of specific performance or injunctive relief, regardless of whether considered in a proceeding in equity or at law, and to the limitations on legal remedies against governmental entities in California.

Our opinions are based on existing law, which is subject to change. Such opinions are further based on our knowledge of facts as of the date hereof. We assume no duty to update or supplement our opinions to reflect any fact or circumstance that may hereafter come to our attention or to reflect any change in any law that may hereafter occur or become effective. Moreover, our opinions are not a guarantee of results and are not binding on the Internal Revenue Service; rather, such opinions represent our legal judgment based upon our review of existing law that we deem relevant to such opinions and in reliance upon the representations and covenants referenced above.

Respectfully submitted,

APPENDIX H
FORM OF INVESTOR LETTER

TRUST AGREEMENT

between

EL CENTRO FINANCING AUTHORITY

and

MUFG UNION BANK, N.A.,

as Trustee

Dated as of April 1, 2018

Relating to

 \$[Par Amount]
 El Centro Financing Authority
 Hospital Revenue Refunding Bonds
 (El Centro Regional Medical Center Project)
 Series 2018

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THIS TRUST AGREEMENT, dated as of April 1, 2018 (this “Trust Agreement”), between the **EL CENTRO FINANCING AUTHORITY**, a public entity duly organized and existing as a joint exercise of powers authority under and by virtue of the laws of the State of California (the “Authority”), and **MUFG UNION BANK, N.A.**, a national banking association duly organized and existing under and by virtue of the laws of the United States of America, as trustee (the “Trustee”);

W I T N E S S E T H :

WHEREAS, the Authority is a joint exercise of powers authority duly organized and existing pursuant to Article 1 of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California (the “State”);

WHEREAS, Article 4 of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California authorizes and empowers the Authority to issue bonds to assist local agencies in financing and/or refinancing projects and programs consisting of certain public capital improvements or working capital or liability and other insurance needs whenever a local agency determines that there are significant public benefits from so doing;

WHEREAS, the City of El Centro, a charter city duly organized and existing under and by virtue of the laws of the State of California (the “City”), is a local agency which has requested the assistance of the Authority in financing and/or refinancing certain hereinafter described public capital improvements to the El Centro Regional Medical Center, a municipal hospital, separate agency and enterprise operation of the City duly organized and existing under and by virtue of the laws of the State, including the Medical Center Act (as more fully defined in Section 1.01 hereof, the “Medical Center”);

WHEREAS, the City has determined that the consummation of the transactions contemplated in this Trust Agreement and in the Installment Purchase Agreement, dated as of April 1, 2018 (the “Installment Purchase Agreement”), by and among the City, as purchaser, the Authority, as seller, and the Medical Center will result in significant public benefits;

WHEREAS, the Authority is empowered pursuant to this Trust Agreement and Article 4 of Chapter 5 of Division 7 of Tide 1 of the Government Code of the State of California to cause the design, acquisition and construction of certain additions, betterments, extensions and improvements to the Medical Center and to finance and/or refinance such additions, betterments, extensions and improvements through the issuance of revenue bonds in one or more series;

WHEREAS, in 2015, the Authority issued its \$25,000,000 Hospital Revenue Refunding Bonds (El Centro Regional Medical Center Project) Series 2015A and \$25,000,000 Hospital Revenue Refunding Bonds (El Centro Regional Medical Center Project) Series 2015B (together, the “2015 Bonds”);

WHEREAS, the Authority has authorized the issuance of a series of revenue bonds to be designated as the El Centro Financing Authority Hospital Revenue Refunding Bonds (El Centro Regional Medical Center Project), Series 2018 (the “Series 2018 Bonds”) to assist in financing and refinancing of the improvements described in Exhibit B to the Installment Purchase Agreement (such improvements being hereinafter collectively referred to as the “Series 2018 Medical Center Projects”) and the refinancing and redemption of the 2015 Bonds;

WHEREAS, to provide for the authentication and delivery of the Series 2018 Bonds and such other series of Bonds as may be authorized from time to time by the Authority, to establish and declare the terms and conditions upon which the Bonds are to be issued and secured and to secure the payment of the principal thereof, premium, if any, and interest thereon, the Authority has authorized the execution and delivery of this Trust Agreement;

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

NOW, THEREFORE, THIS TRUST AGREEMENT WITNESSETH, that to secure the payment of the principal of, premium, if any, and the interest on all Bonds at any time issued and outstanding under this Trust Agreement, according to their tenor, and to secure the performance and observance of all the covenants and conditions therein and herein set forth, and to declare the terms and conditions upon and subject to which the Bonds are to be issued and received, and in consideration of the premises and of the mutual covenants herein contained and of the purchase and acceptance of the Bonds by the Owners thereof, and for other valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Authority does hereby covenant and agree with the Trustee, for the benefit of the respective Owners from time to time of the Bonds, as follows:

ARTICLE I

DEFINITIONS; CONTENT OF CERTIFICATES AND OPINIONS; INTERPRETATION

SECTION 1.01 Definitions. Unless the context clearly otherwise requires, all capitalized terms used herein shall have the meanings assigned to such terms in this Section 1.01.

Accredited Investor shall have the meaning set forth in Rule 501 of Regulation D of the Securities Act of 1933.

Act means Articles 1 through 4 (commencing with Section 6500) of Chapter 5 of Division 7 of Title 1 of the California Government Code, as now in effect and as it may from time to time hereafter be amended or supplemented.

Additional Bonds means any Series of Bonds, other than the Series 2018 Bonds, authorized by, and at any time Outstanding pursuant hereto.

Additional Medical Center Project means any additions, alterations or improvements, including the design and engineering thereof, to the Facilities financed and/or refinanced with the proceeds of Additional Bonds.

Administrative Fees and Expenses means any application, commitment, financing or similar fee charged, or reimbursement for administrative or other expenses incurred by the Authority or the Trustee.

Aggregate Debt Service means, as of any date of calculation and with respect to any period, the sum of amounts of Debt Service for all Long-Term Indebtedness for such period.

Annual Debt Service means, for any Series of Bonds, for any Bond Year, the principal and interest payable on the Outstanding amount of such Series of Bonds in such Bond Year.

Authority means the El Centro Financing Authority created pursuant to the Act and its successors and assigns.

Authorized Authority Representative or **Authorized Representative of the Authority** means the Chair or the Vice Chair or the Secretary or the Executive Director of the Authority, or such other person as may be designated to act on behalf of the Authority by written certificate furnished to the Trustee containing the specimen signature of such person and signed on behalf of the Authority by an Authorized Authority Representative.

Authorized City Representative or **Authorized Representative of the City** means the Mayor of the City, the Mayor Pro Tem of the City, the City Manager of the City, or such other person as may be designated to act on behalf of the City by written certificate furnished to the Trustee containing the specimen signature of such person and signed on behalf of the City by an Authorized City Representative.

Authorized Denominations means \$100,000 or any integral multiple of \$5,000 in excess thereof; provided, that authorized denominations may be designated in such other amounts for a Series of Bonds as the Authority shall specify in a Supplemental Trust Agreement, with the advice of Bond Counsel; provided, that if the Series 2018 Bonds are rated in an investment grade category by S&P, Moody's, Fitch Ratings or Kroll Bond Rating Agency after the Closing Date, upon written notification by an Authorized Authority Representative to the Trustee, Authorized Denominations shall mean \$5,000 or any integral multiple thereof.

Authorized Medical Center Representative or **Authorized Representative of the Medical Center** means the chief executive officer or the chief financial officer of the Medical Center, or such other person as may be designated to act on behalf of the Medical Center by written certificate furnished to the Trustee containing the specimen signature of such person and signed on behalf of the Medical Center by an Authorized Medical Center Representative.

Beneficial Owner means any Person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including Persons holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bonds for federal income tax purposes.

Bond Counsel means (a) Norton Rose Fulbright US LLP or (b) any other attorney or firm of attorneys appointed by or acceptable to the Authority of nationally recognized experience in the issuance of obligations the interest on which is excludable from gross income for federal income tax purposes under the Code.

Bond Reserve Account means an account by that name within the Revenue Fund established pursuant to Section 5.02 or by a Supplemental Trust Agreement.

Bond Reserve Account Requirement means, for a Series of Additional Bonds, as of any date of calculation, an amount established as the Bond Reserve Account Requirement by the Supplemental Trust Agreement pursuant to which such Series of Bonds was created. For the Series 2018 Bonds, the Series 2018 Bond Reserve Account Requirement is, and shall be while the Series 2018 Bonds remain Outstanding, an amount equal to the least of (i) the Maximum Annual Debt Service on the Series 2018 Bonds, (ii) 10% of the issue price of the Series 2018 Bonds as determined under the Code (or, if the issue price includes less

than 2% original issue discount or premium, then 10% of the stated principal amount), or (iii) 125% of the average Annual Debt Service on the Series 2018 Bonds.

Bond Year means the period of twelve consecutive months ending on June 30 in any year in which Bonds are Outstanding.

Bonds means the El Centro Financing Authority Hospital Revenue Bonds (El Centro Regional Medical Center Project) authorized by, and at any time Outstanding under, this Trust Agreement.

Business Day means any day, other than a Saturday, Sunday or any other day designated as a holiday under Federal or applicable State statute or regulation, on which the Trustee is open for business.

Capitalized Interest Account means Series 2018 Capitalized Interest Account and any other capitalized interest account established by a Supplemental Trust Agreement.

Cash Operating Expenses means Operating Expenses less depreciation and amortization expenses (each, as determined in accordance with GAAP).

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

Closing Date means, with respect to the Series 2018 Bonds, April 19, 2018, the date upon which there is a physical delivery of the Series 2018 Bonds in exchange for the amount representing the purchase price of the Series 2018 Bonds paid by the Original Purchasers, and, with respect to any other Series of Bonds, means the date upon which there is a physical delivery of such Series of Bonds in exchange for the amount representing the purchase price of such Series of Bonds paid by the Original Purchaser thereof.

Code means the Internal Revenue Code of 1986.

Continuing Disclosure Agreement means, with respect to a Series of Bonds, the Continuing Disclosure Agreement, if any, among the City, the Medical Center and the dissemination agent identified therein, as originally executed and as it may from time to time be amended or supplemented pursuant to its terms.

Costs of Issuance means all expenses incurred in connection with the authorization, issuance, sale and delivery of the Bonds, including but not limited to all compensation, fees and expenses (including but not limited to fees and expenses for legal counsel) of the Authority and the Trustee, compensation to any financial consultants, placement agents, municipal advisors, swap advisors or underwriters, legal fees and expenses (including fees and expenses of Bond Counsel and Original Purchasers' counsel), filing and recording costs, rating agency fees, costs of preparation and reproduction of documents, costs of printing and fees and costs for any guaranty, surety bond, letter of credit or other credit facility.

Costs of Issuance Fund means the fund by that name established pursuant to Section 3.03 hereof.

Daily Operating Expenses means the quotient of (a) Cash Operating Expenses for the applicable Fiscal Year then ended, divided by (b) the number of days in such Fiscal Year.

Days Cash on Hand means the quotient of (a) Financial Assets (reduced by the outstanding principal balance of any Short-Term Indebtedness), as of the last day of the applicable Fiscal Year, divided by (b) Daily Operating Expenses for the applicable Fiscal Year.

Debt Service, when used with respect to any Long-Term Indebtedness, means, as of any date of calculation and with respect to any period, the sum of --

a. the interest falling due on such Long-Term Indebtedness during such period (except for any interest payable from the proceeds of such Long-Term Indebtedness set aside for such purpose); and

b. the scheduled principal (or mandatory sinking fund or installment purchase price or lease rental or similar) payments or deposits required with respect to such Long-Term Indebtedness during such period (except to the extent such principal is payable from the proceeds of such Long-Term Indebtedness set aside for such purpose), computed on the assumption that no portion of such Long-Term Indebtedness shall cease to be outstanding during such period except by reason of the application of such scheduled payments; provided, however; that for purposes of such computation:

(1) if Long-Term Indebtedness, or Bonds repayable therefrom, is

(a) secured by an irrevocable letter of credit or irrevocable line of credit issued by a financial institution having a combined capital and surplus of at least fifty million dollars (\$50,000,000) and whose unsecured securities are rated in one of the two highest short-term or long-term Rating Categories (without regard to numerical modifier) by each rating agency then rating the Bonds, or

(b) insured by an insurance policy or surety bond issued by an insurance company rated at least A+ by Alfred M. Best Company in Best's Insurance Reports,

principal payments or deposits with respect to such Long-Term Indebtedness nominally due in the last Fiscal Year in which such Long-Term Indebtedness matures may, at the option of the Medical Center, be treated as if they were due as specified in any loan agreement or installment sale/purchase agreement issued in connection with such letter of credit, line of credit, insurance policy or surety bond or pursuant to the repayment provisions of such letter of credit, line of credit, insurance policy or surety bond (or, if such loan agreement or installment sale/purchase agreement or repayment provisions provide for repayment over less than 20 years and the Trustee receives a Statement of the Medical Center to the effect that the Medical Center intends to refinance such Long-Term Indebtedness prior to maturity, as if such principal payments were amortized over a 20-year period with substantially level debt service) and interest on such Long-Term Indebtedness after such Fiscal Year shall be assumed to be payable at an interest rate equal to a rate per annum equal to the 25-year Revenue Bond Index most recently published preceding the date of calculation in *The Bond Buyer* (subject to any adjustment for errors therein which may be acknowledged by the publishers thereof);

(2) if interest on Long-Term Indebtedness is payable pursuant to a variable interest rate formula, the interest rate on such Long-Term Indebtedness for periods when the actual interest rate cannot yet be determined shall be assumed to be equal to the greater of

(a) the average rate of interest borne (or which would have been borne) by such Long-Term Indebtedness during the Fiscal Year immediately preceding the date of calculation plus one percent (1%), or

(b) the average rate of interest borne by such Long-Term Indebtedness during the three full calendar months immediately preceding the date of calculation plus one percent (1%);

(3) if interest is capitalized with respect to Long-Term Indebtedness, Debt Service on such Long-Term Indebtedness shall be included in computations of Maximum Aggregate Annual Debt Service only in proportion to the amount of interest payable in the then-current Fiscal Year from sources other than amounts funded to pay such capitalized interest; and

(4) if moneys or Investment Securities described in Subsections (a), (b) or (c) of the definition thereof contained in this Trust Agreement (not callable by the issuer thereof prior to maturity) have been deposited with a trustee or escrow agent in an amount, together with earnings thereon, sufficient to pay the principal of or interest on Long-Term Indebtedness as it comes due, such principal or interest, as the case may be, shall not be included in computations of Debt Service.

Defeasance Securities means:

- (1) U.S. Treasury Certificates, Notes and Bonds (including State and Local Government Series — “SLGS”)
- (2) Direct obligations of the Treasury which have been stripped by the Treasury itself, CATS, TIGRS and similar securities.
- (3) Resolution Funding Corp. (REFCORP), but only the interest component of REFCORP strips which have been stripped by request to the Federal Reserve Bank of New York in book entry form are acceptable.
- (4) Pre-refunded municipal bonds rated “Aaa” by Moody’s and “AA+” by S&P. If however, the issue is only rated by S&P (i.e., there is no Moody’s rating), then the pre-refunded bonds must have been pre-refunded with cash, direct U.S. or U.S. guaranteed obligations, or “AA+” rated pre-refunded municipals to satisfy this condition.
- (5) Obligations issued by the following agencies which are backed by the full faith and credit of the U.S.:
 - (a) U.S. Export-Import Bank (Eximbank)
 - (i) Direct obligations or fully guaranteed certificates of beneficial ownership
 - (b) Farmers Home Administration (FmHA)
 - (i) Certificates of beneficial ownership
 - (c) Federal Financing Bank
 - (d) General Services Administration
 - (i) Participation certificates
 - (e) U.S. Maritime Administration
 - (i) Guaranteed Title XI financing
 - (f) U.S. Department of Housing and Urban Development (HUD)
 - (i) Project Notes
 - (ii) Local Authority Bonds

- (iii) New Communities Debentures – U.S. government guaranteed debentures
- (g) U.S. Public Housing Notes and Bonds – U.S. government guaranteed public housing notes and bonds

Deposit Account Control Agreement means the deposit account control agreement entered into pursuant to Section 4.03 the Installment Purchase Agreement.

Depository means The Depository Trust Company, New York, New York and its successors and assigns, or any other Securities Depository selected as provided in Section 2.10.

Determination of Taxability means a determination that the interest payable on the Series 2018 Bonds does not qualify as interest which is excludable from gross income of the recipient thereof for federal income tax purposes under Section 103 of the Code (“Exempt Interest”) for any reason, which determination shall be deemed to have been made upon the first to occur of any of the following:

- (a) the date on which any Owner or Beneficial Owner or the Authority is advised in writing by the Commissioner or any District Director of the Internal Revenue Service that interest payable on the Series 2018 Bonds does not qualify as Exempt Interest;
- (b) the date on which (i) the Internal Revenue Service issues a proposed or final determination of taxability, a Notice of Proposed Issue (IRS Form 5701-TEB), a notice of deficiency or similar notice, or any other notice, determination or decision, in each case, to the effect that the interest payable on the Series 2018 Bonds or any portion thereof does not qualify as Exempt Interest, or (ii) a court of competent jurisdiction has rendered any final ruling or decision to the effect that the interest payable on the Series 2018 Bonds or any portion thereof does not qualify as Exempt Interest;
- (c) the date when the Authority files any statement, supplemental statement, or other tax schedule, return or document, which is in any respect inconsistent with interest payable on the Series 2018 Bonds or any portion thereof continuing to qualify as Exempt Interest; or
- (d) the date of any sale, lease or other deliberate action within the meaning of Treasury Regulation § 1.141-2(d), if prior to such action the Authority, the Purchaser and the Medical Center have not received an unqualified opinion of Bond Counsel to the effect that such action will not cause interest on the Series 2018 Bonds to become includable in the gross income of the recipient for federal income tax purposes.

Dissemination Agent means the dissemination agent identified in the Continuing Disclosure Agreement delivered in connection with a Series of Bonds.

Electronic Notice means notice through telecopy, facsimile transmission, e-mail or other electronic means of communication provided, that for purposes of this Trust Agreement, an e-mail does not constitute a notice, request or other communication hereunder but rather the portable document format or similar attachment attached to such e-mail shall constitute a notice, request or other communication hereunder.

Environmental Laws means all laws, codes, ordinances, rules, regulations, orders, decrees and directives issued by any federal, state, local, foreign or other governmental or quasi- governmental authority or body (or any agency, instrumentality or political subdivision thereof) pertaining to hazardous or toxic materials, including, without limitation, any hazardous materials or wastes, toxic substances, flammable, explosive or radioactive materials, asbestos, and/or other similar materials; any so-called “superfund” or

“superlien” law pertaining to hazardous or toxic materials on or about any property at any time owned, leased or otherwise used by Medical Center, or any portion thereof; including, without limitation, those relating to soil, surface, subsurface groundwater conditions and the condition of the ambient air; and any other federal, state, foreign or local statute, law, ordinance, code, rule, regulation, order or decree regulating, relating to, or imposing liability or standards of conduct concerning, any hazardous, toxic, radioactive, flammable or dangerous waste, substance or material, as now or at any time hereafter in effect.

Event of Default means any of the events specified in Section 7.01.

Facilities means the real property and improvements described in Exhibit C to the Installment Purchase 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 the value of which is determined 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) the value of which is determined 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) the investment is the Local Agency Investment Fund of the State of California, but only if at all times during which the investment is held its yield is reasonably expected to be equal to or greater than the yield on a reasonably comparable direct obligation of the United States.

Financial Assets means cash and cash equivalents and readily marketable securities of the Medical Center, not including the principal amount of any Short-Term Indebtedness or any funds held under the Trust Agreement (valued at the then prevailing market price as of any applicable date of determination), all of which are owned free and clear of liens, restrictions and encumbrances, other than Permitted Encumbrances.

Fiscal Year means each twelve-month period commencing on July 1 and ending on the following June 30, or any other twelve-month period selected as the official fiscal year period by the Medical Center.

GAAP means generally accepted accounting principles set forth from time to time in the opinions and pronouncements of the Accounting Principles Board and the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board (or agencies with similar functions of comparable stature and authority within the United States accounting profession), that are applicable to the circumstances as of the date of determination and applied consistently without separate reporting periods.

Governmental Authority means the government of the United States of America or any other nation, or of any political subdivision thereof, whether state or local, and any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government (including, without limitation, any supranational bodies such as the European Union or the European Central Bank).

Gross Revenue Fund means the fund by that name established by the Medical Center pursuant to Section 4.03(a) of the Installment Purchase Agreement.

Gross Revenues means all revenues, income, receipts and money received in any period by the Medical Center (other than casualty insurance, donor-restricted gifts, grants, bequests, donations, contributions, and tax revenues, if any), including, but not limited to the following:

- a. gross revenues derived from its operations and possession of and pertaining to properties occupied by the Medical Center,
- b. proceeds with respect to, arising from, or relating to its properties and derived from (1) business interruption insurance, (2) accounts, including but not limited to, accounts receivable, (3) securities and other investments, (4) inventory and intangible property, (5) payment/reimbursement programs and agreements, and (6) contract rights, accounts, instruments, claims for the payment of moneys and other rights and assets now or hereafter owned, held or possessed by or on behalf of the Medical Center, and
- c. rentals received from the lease of the Medical Center properties or space in its facilities.

Guarantee means any obligation of the Medical Center guaranteeing in any manner, whether directly or indirectly, any obligation of any Person that would, if such Person were the Medical Center, constitute Long-Term Indebtedness.

Guarantee Obligations mean as to any Person (the “guaranteeing person”) (a) any obligation of the guaranteeing person or (b) any obligation of another person (including, without limitation, any bank under any letter of credit), the creation of which was induced by a reimbursement, counter indemnity or similar obligation issued by the guaranteeing person, in either case guaranteeing or in effect guaranteeing any debt, leases, dividends or other obligations (the “primary obligations”) of any other third Person (the “primary obligor”) in any manner, whether directly or indirectly, including, without limitation, any obligation of the guaranteeing person, whether or not contingent, (i) to purchase any such primary obligation or any property constituting direct or indirect security therefor, (ii) to advance or supply funds (1) for the purchase or payment of any such primary obligation or (2) to maintain working capital or equity capital of the primary obligor or otherwise to maintain the net worth or solvency of the primary obligor, (iii) to purchase property, securities or services primarily for the purpose of assuring the owner of any such primary obligation of the ability of the primary obligor to make payment of such primary obligation or (iv) otherwise to assure or hold harmless the owner of any such primary obligation against loss in respect thereof; provided, however, that the term Guarantee Obligation shall not include endorsements of instruments for deposit or collection in the ordinary course of business.

Hazardous Substances means: (a) any oil, flammable substance, explosives, radioactive materials, hazardous wastes or substances, toxic wastes or substances or any other wastes, materials or pollutants which (i) pose a hazard to the Medical Center Project or to persons on or about the Medical Center Project or (ii) cause the Medical Center Project to be in violation of any Environmental Laws; (b) asbestos in any form which is or could become friable, urea formaldehyde foam insulation, transformers or other equipment which contain dielectric fluid containing levels of polychlorinated biphenyls, or radon gas; (c) any chemical, material or substance defined as or included in the definition of “waste,” “hazardous substances,” “hazardous wastes,” “hazardous materials,” “extremely hazardous waste,” “restricted hazardous waste,” or “toxic substances” or words of similar import under any Environmental Law including, but not limited to, the Comprehensive Environmental Response, Compensation and Liability Act (CERCLA), 42 USC §§ 9601 et seq.; the Resource Conservation and Recovery Act (RCRA), 42 USC §§ 6901 et seq.; the Hazardous Materials Transportation Act, 49 USC §§ 1801 et seq.; the Federal Water Pollution Control Act, 33 USC §§ 1251 et seq.; the California Hazardous Waste Control Law (HWCL), Cal. Health & Safety §§ 25100 et seq.; the Hazardous Substance Account Act (HSAA), Cal. Health & Safety Code §§ 25300 et

seq.; the Underground Storage of Hazardous Substances Act, Cal. Health & Safety §§ 25280 et seq.; the Porter-Cologne Water Quality Control Act (the Porter-Cologne Act), Cal. Water Code §§ 13000 et seq., the Safe Drinking Water and Toxic Enforcement Act of 1986 (Proposition 65); and Title 22 of the California Code of Regulations, Division 4, Chapter 30; (d) any other chemical, material or substance, exposure to which is prohibited, limited or regulated by any governmental authority or agency or may or could pose a hazard to the health and safety of the occupants of the Medical Center Project or the owners and/or occupants of property adjacent to or surrounding the Medical Center Project, or any other person coming upon the Medical Center Project or adjacent property; or (e) any other chemical, materials or substance which may or could pose a hazard to the environment.

Indebtedness means any Guarantee, and any indebtedness or obligation of the Medical Center, or otherwise payable from the Gross Revenues, for money borrowed (other than accounts payable and accruals), as determined in accordance with GAAP, including obligations under conditional sales contracts or other title retention contracts and rental obligations under leases that are considered capital leases under GAAP.

Independent Certified Public Accountant means any certified public accountant or firm of certified public accountants appointed and paid by the Authority, and who, or each of whom:

(a) is in fact independent and not under domination of the Authority, Medical Center or the City;

(b) does not have any substantial interest, direct or indirect, in the Authority, Medical Center or the City; and

(c) is not connected with the Authority, Medical Center or the City as an officer or employee of the Authority, Medical Center or the City but who may be regularly retained to make annual or other audits of the books of or reports to the Authority or the City.

Independent Insurance Consultant means a nationally recognized independent actuary, insurance company or broker acceptable to the Owners of a majority of the aggregate principal amount of the Bonds then Outstanding that has actuarial personnel experienced in the area of insurance for which the Medical Center is to be self-insured, as may from time to time be designated by the Medical Center.

Information Services means the Electronic Municipal Market Access System (referred to as “EMMA”), a facility of the Municipal Securities Rulemaking Board, at <http://emma.msrb.org>; provided, however, in accordance with then current guidelines of the Securities and Exchange Commission, Information Services shall mean such other organizations providing information with respect to called Bonds as the Authority may designate in writing to the Trustee.

Installment Purchase Agreement means the Installment Purchase Agreement, dated as of April 1, 2018, among the Authority, the City and the Medical Center, as originally executed and as it may from time to time be amended or supplemented pursuant to the provisions hereof and thereof.

Installment Purchase Payments means the installment purchase payments so designated and required to be paid by the Purchaser pursuant to Section 4.01 of the Installment Purchase Agreement, including, without limitation, the Series 2018 Installment Purchase Payments.

Insurance and Condemnation Proceeds Fund means the fund by that name established pursuant to Section 3.04.

Interest Account means the account by that name within the Revenue Fund established pursuant to Section 5.02.

Interest Payment Date means, with respect to the Series 2018 Bonds each January 1 and July 1 in each year, commencing July 1, 2018.

Investment Securities means any of the following which at the time of investment are legal investments under the laws of the State for the moneys proposed to be invested therein (the Trustee is entitled to conclusively rely on a Request of the Medical Center directing investment in such Permitted Investment as a certification by the Authority to the Trustee that such Permitted Investment is a legal investment under the laws of the State), but only to the extent that the same are acquired at Fair Market Value:

(a) Direct obligations of the United States of America (including obligations issued or held in book-entry form on the books of the Department of the Treasury of the United States of America) or obligations the timely payment of the principal of and interest on which are fully guaranteed by the United States of America, including instruments evidencing a direct ownership interest in securities described in this clause such as Stripped Treasury Coupons rated or assessed in the highest rating category by S&P and Moody's and held by a custodian for safekeeping on behalf of holders of such securities.

(b) Bonds or notes which are exempt from federal income taxes and for the payment of which cash or obligations described in clause (a) of this definition in an amount sufficient to pay the principal of, premium, if any, and interest on when due have been irrevocably deposited with a trustee or other fiscal depository and which are rated the same rating as direct obligations of the United States of America by S&P and Moody's.

(c) Obligations, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following: Federal Home Loan Bank System, Government National Mortgage Association, Farmer's Home Administration, Federal Home Loan Mortgage Corporation or Federal Housing Administration; provided that with respect to the funds and accounts established under this Trust Agreement, such obligations shall at no time exceed an amount equal to ten percent (10%) of the aggregate principal amount of the Bonds Outstanding.

(d) Deposit accounts, certificates of deposit or savings accounts (i) fully insured by the Federal Deposit Insurance Corporation or (ii) with banks whose short-term obligations are rated no lower than A-1 by S&P and P-1 by Moody's including those of the Trustee and its affiliates or (iii) collateralized by Investment Securities described in (a) above for amounts above FDIC insurance.

(e) Federal funds or banker's acceptances with a maximum term of one year of any bank that has an unsecured, uninsured and unguaranteed obligation rating of "Prime-1" or "A3" by Moody's and "A-1" or "A" or better by S&P (including the Trustee).

(f) Repurchase obligations with a term not exceeding 30 days pursuant to a written agreement between the Trustee and either a primary dealer on the Federal Reserve reporting dealer list which falls under the jurisdiction of the SIPC or a federally chartered commercial bank whose long-term debt obligations are rated A or better by S&P and Moody's, with respect to any security described in clause (1); provided that the securities which are the subject of such repurchase obligation (i) must be free and clear of all liens, (ii) in the case of a SIPC dealer, were not acquired pursuant to a repurchase or reverse repurchase agreement, (iii) must be deposited with the Trustee

and maintained through weekly market valuations in an amount equal to 104% of the invested funds plus accrued interest; and further provided that the Trustee must have a valid first perfected security interest in such securities.

(g) Taxable government money market portfolios that have a rating by S&P of Am-G or Am or better and rated in one of the three highest rating categories of Moody's, subject to a maximum permissible limit equal to six months of principal and interest on the Bonds including portfolios of the Trustee and its affiliates.

(h) Tax-exempt government money market portfolios that have a rating by S&P of Am-G or Am or better and rated in one of the three highest rating categories of Moody's consisting of securities which are rated in the highest Rating Categories of S&P and Moody's subject to a maximum permissible limit equal to six months of principal and interest on the Bonds.

(i) Money market funds registered under the Investment Company Act of 1940, the shares in which are registered under the Securities Act of 1933 and that have a rating by S&P of AAAM G or AAAM and rated in one of the two highest Rating Categories of Moody's, including those managed or advised by the Trustee or its affiliates but excluding any funds with a floating net asset value.

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

(k) Investment agreements, including guaranteed investment contracts, forward purchase agreements and reserve fund put agreements with banks or other financial institutions rated, or guaranteed by institutions rated, or with senior unsecured debt rated, by S&P or Moody's, in one of the three highest rating categories assigned by such agencies.

(l) Any other investments which meet the criteria established by applicable published investment guidelines issued by each rating agency then rating the Bonds, if any.

Limited Offering Memorandum means the limited offering memorandum relating to the Series 2018 Bonds dated April 4, 2018.

Long-Term Indebtedness means Indebtedness having an original maturity greater than one (1) year or renewable at the option of the Medical Center for a period greater than one (1) year from the date of original incurrence or issuance thereof unless, by the terms of such Indebtedness, no Indebtedness is permitted to be outstanding thereunder for a period of at least thirty (30) consecutive days during each calendar year.

Majority Owners means the Owners of a majority in aggregate principal amount of the Series 2018 Bonds.

Management Consultant means a management consultant appointed and paid by the Medical Center, and who, or each of whom:

(a) is in fact independent and not under domination of the Authority, the Medical Center or the City;

(b) does not have any substantial interest, direct or indirect, in the Authority, the Medical Center or the City; and

(c) is not connected with the Authority, the Medical Center or the City as an officer or employee of the Authority, the Medical Center or the City but who may be regularly retained to provide management consultant services to the Authority or the City.

Mandatory Sinking Account Payment means, with respect to Term Bonds of any Series and maturity, the amount required by this Trust Agreement to be paid on any single date for the retirement of Term Bonds of such Series at maturity.

Maximum Aggregate Annual Debt Service means, as of any date of calculation, the Aggregate Debt Service as computed for the then current or any future Fiscal Year in which such sum shall be largest.

Maximum Annual Debt Service means, for any Series of Bonds, as of any date of calculation, the sum of (a) the interest falling due on then Outstanding Bonds of such Series (assuming that all then Outstanding Serial Bonds are retired on their, respective maturity dates and that all then Outstanding Term Bonds are retired at the times and in the amounts provided for by Mandatory Sinking Account Payments), (b) the principal amount of then Outstanding Serial Bonds of such Series falling due by their terms, and (c) the aggregate amount of all Mandatory Sinking Account Payments required for Bonds of such Series; all as computed for the Bond Year in which such sum shall be largest.

Medical Center means El Centro Regional Medical Center, a municipal hospital, separate agency and enterprise operation of the City duly organized and existing under and by virtue of the laws of the State, including the Medical Center Act.

Medical Center Act means Article 7 (commencing with Section 37600) of Chapter 5 of Part 2 of Division 3 of Title 4 of the California Government Code, as now in effect and as it may from time to time hereafter be amended or supplemented.

Medical Center Ordinance means the El Centro Municipal Code of Ordinances, Article III, that codifies the establishment of a municipal hospital in the City, as set forth in Ordinance No. 85-11, enacted by the City on October 2, 1985, as such municipal code is now in effect and as it may from time to time hereafter be amended or supplemented.

Medical Center Project means the improvements to the Facilities purchased by the Purchaser from the Authority pursuant to the Installment Purchase Agreement, including, without limitation, the Series 2018 Medical Center Project and each Additional Medical Center Project.

Moody's means Moody's Investors Service, a corporation organized and existing under the laws of the State of Delaware, its successors and their assigns, or, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, any other nationally recognized securities rating agency designated by the Authority.

Net Income Available for Debt Service means, for any period, Gross Revenues less Cash Operating Expenses, for such period.

Operating Expenses means operating expenses of the Medical Center, as determined in accordance with GAAP for the applicable Fiscal Year.

Opinion of Bond Counsel means a written opinion of Bond Counsel.

Opinion of Counsel means a written opinion of counsel (including, without limitation, counsel for the Authority) selected by the Authority and delivered to the Trustee. If and to the extent required by the provisions of Section 1.02, each Opinion of Counsel shall include the statements provided for in Section 1.02.

Optional Redemption Account means the account by that name in the Redemption Fund established pursuant to Section 5.05.

Original Purchaser means, with respect to any Series of Bonds, the original purchaser of such Series of Bonds.

Outstanding, when used as of any particular time with reference to Bonds, means (subject to the provisions of Section 11.09) all Bonds theretofore, or thereupon being, authenticated and delivered by the Trustee under this Trust Agreement except: (a) Bonds theretofore canceled by the Trustee or surrendered to the Trustee for cancellation; (b) Bonds with respect to which all liability of the Authority shall have been discharged in accordance with Section 10.02, including Bonds (or portions of Bonds) referred-to in Section 11.10; and (c) Bonds for the transfer or exchange of or in lieu of or in substitution for which other Bonds shall have been authenticated and delivered by the Trustee pursuant to this Trust Agreement.

Owner means any Person who shall be the registered owner of any Outstanding Bond.

Parity Debt means Long-Term Indebtedness that is incurred by the City on behalf of the Medical Center or by the Medical Center directly (to the extent permitted under the Installment Purchase Agreement) that is secured equally and ratably with the Series 2018 Installment Purchase Payments by a lien on and security interest in the Gross Revenues.

Participating Underwriter means any of the original underwriters of any Series of Bonds required to comply with Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time, in connection with the offering of such Series of Bonds.

Permitted Encumbrances means and includes:

(a) undetermined liens and charges incident to construction or maintenance, and liens and charges incident to construction or maintenance now or hereafter filed of record which are being contested in good faith and have not proceeded to final judgment (and for which all applicable periods for appeal or review have not expired), provided, that the Medical Center shall have set aside reserves with respect thereto which, in the opinion of the Medical Center's Board of Trustees (the "Board"), are adequate;

(b) notices of *lis pendens* or other notices of or liens with respect to pending actions which are being contested in good faith and have not proceeded to final judgment (and for which all applicable periods for appeal or review have not expired), provided that the Medical Center shall have set aside reserves with respect thereto which, in the opinion of the Board, are adequate;

(c) the lien of taxes and assessments which are not delinquent, or, if delinquent, are being contested in good faith, provided that the Medical Center shall have set aside reserves with respect thereto which, in the opinion of the Board, are adequate;

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

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

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

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

(h) the rights of the Authority, the Medical Center, the City, the Trustee and the Owners under this Trust Agreement and the Installment Purchase Agreement;

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

(j) purchase money security interests and security interests existing on any personal property prior to the time of its acquisition by the Medical Center through purchase, merger, consolidation or otherwise, whether or not assumed by the Medical Center, or placed upon property being acquired by the Medical Center to secure a portion of the purchase price thereof, or lessor's interests in leases required to be capitalized in accordance with generally accepted accounting principles;

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

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

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

(n) UCC-1 financing statements made in connection with an obligation incurred in accordance with Section 5.05(i) of the Installment Purchase Agreement; and

(o) such other encumbrances as authorized in writing by all of the Owners.

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

Principal Account means the account by that name within the Revenue Fund established pursuant to Section 5.02 hereof.

Principal Corporate Trust Office means, initially, the office of the Trustee at 445 S. Figueroa Street, Suite 401, Los Angeles, California 90071, Attention: Corporate Trust Office, or such other or additional offices as may be specified to the Authority by the Trustee except that, with respect to

presentation of Bonds for payment or for registration of transfer and exchange, such term shall mean the office or agency of the Trustee at which at any particular time, its corporate trust agency shall be conducted, or such other office designated by the Trustee from time to time, or at such other or additional offices as may be specified by the Trustee in writing to the Authority and the Medical Center.

Project Account means an account by that name established within the Project Fund pursuant to Section 3.04 hereof.

Project Costs means all costs of payment of, or reimbursement for, the design, construction, acquisition, and installation of the Series 2018 Medical Center Projects or any Additional Medical Center Project, including but not limited to, costs of architectural and engineering services, plans, specifications, estimates and other expenses necessary or incident to determining the feasibility of construction or incident to such construction or acquisition.

Project Fund means the fund by that name established pursuant to Section 3.04 hereof.

Purchase Agreement Default means any of the events specified in Section 8.01 of the Installment Purchase Agreement.

Purchase Price means, with respect to the Series 2018 Medical Center Projects, the Series 2018 Purchase Price and, with respect to any Additional Medical Center Project, means the amount set forth in the Supplemental Installment Purchase Agreement executed and delivered in connection with the purchase of such Additional Medical Center Project.

Purchaser means the City.

Qualified Institutional Buyer means a “qualified institutional buyer” as defined in Rule 144A promulgated under the Securities Act of 1933, as in effect on the date hereof.

Rating Category means: (a) with respect to any long-term rating category, all ratings designated by a particular letter or combination of letters, without regard to any numerical modifier, plus or minus sign or other modifier; and (b) with respect to any short-term or commercial paper rating category, all ratings designated by a particular letter or combination of letters and taking into account any numerical modifier, but not any plus or minus sign or other modifier.

Record Date means, with respect to any Interest Payment Date for the Bonds, the fifteenth (15th) day of the calendar month immediately preceding such Interest Payment Date, whether or not such day is a Business Day.

Redemption Fund means the fund by that name established pursuant to Section 5.01.

Redemption Price means, with respect to any Bond (or portion thereof), the principal amount of such Bond (or portion thereof) plus the applicable premium, if any, payable upon redemption thereof pursuant to the provisions of such Bond and this Trust Agreement.

Revenue Fund means the fund by that name established pursuant to Section 5.01 hereof.

Revenues means Installment Purchase Payments (including both timely and delinquent payments and any late charges, regardless of source) received by the Authority or the Trustee pursuant to the Installment Purchase Agreement, but not including (1) any amounts received by the Authority or the Trustee

as Administrative Fees and Expenses or (2) any amounts received by the Authority and the Trustee pursuant to rights of indemnification.

S&P means S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC, a corporation organized and existing under the laws of the State of New York, its successors and their assigns, and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, any other nationally recognized rating agency designated by the Authority.

Securities Depositories means The Depository Trust Company, New York, New York and its successors and assigns or if (i) the then Securities Depository resigns from its functions as depository of the Bonds or (ii) the Authority discontinues use of the then Securities Depository, any other securities depository which agrees to follow the procedures required to be followed by a securities depository in connection with the Bonds and which is selected by the Authority.

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

Series means all of the Bonds designated as being of the same series; authenticated and delivered in a simultaneous transaction, regardless of variations in maturity, interest rate, redemption and other provisions, and any Bonds thereafter authenticated and delivered upon transfer or exchange or in lieu of or in substitution for such Bonds as herein provided.

Series 2015 Project Account means the account by that name within the Project Fund established pursuant to Section 3.04 hereof.

Series 2018 Project Account means the account by that name within the Project Fund established pursuant to Section 3.04 hereof.

Series 2018 Bonds means the El Centro Financing Authority Hospital Revenue Refunding Bonds (El Centro Regional Medical Center Project), Series 2018.

Series 2018 Installment Purchase Payments means the Installment Purchase Payments scheduled to be paid by the Medical Center on behalf of the Purchaser under and pursuant to the Installment Purchase Agreement in accordance with the Series 2018 Installment Payment Schedule attached as Exhibit A to the Installment Purchase Agreement.

Series 2018 Medical Center Projects means the improvements to the Facilities purchased by the Purchaser from the Authority pursuant to the Installment Purchase Agreement, as more fully described in Exhibit B to the Installment Purchase Agreement.

Series 2018 Purchase Price means the amount set forth in Section 3.02 of the Installment Purchase Agreement.

Series 2018 Tax Certificate means the tax certificate executed in connection with the Series 2018 Bonds.

Short-Term Indebtedness means Indebtedness having an original maturity less than or equal to one year and not renewable at the option of the Medical Center for a term greater than one year from the date of original incurrence.

Sinking Accounts means the subaccounts in the Principal Account designated and established pursuant to Section 5.04 hereof.

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

Special Redemption Account means the account by that name in the Redemption Fund established pursuant to Section 5.05 hereof.

State means the State of California.

Subordinated Indebtedness means Indebtedness of the Medical Center that is expressly subordinated in right of payment to the Series 2018 Bonds.

Supplemental Installment Purchase Agreement means any supplemental installment purchase agreement hereafter duly authorized and entered into among the Authority, the City and the Medical Center, supplementing, modifying or amending the Installment Purchase Agreement; but only if and to the extent that such Supplemental Installment Purchase Agreement is specifically permitted under the Installment Purchase Agreement and this Trust Agreement.

Supplemental Payments means the payments so designated and required to be paid by the Medical Center, acting on behalf of the Purchaser, pursuant to Section 4.02 of the Installment Purchase Agreement.

Supplemental Trust Agreement means any supplemental trust agreement hereafter duly authorized and entered into between the Authority and the Trustee, supplementing, modifying or amending this Trust Agreement; but only if and to the extent that such Supplemental Trust Agreement is specifically authorized hereunder.

Tax Certificate means, with respect to the Series 2018 Bonds, the Series 2018 Tax Certificate, and, with respect to any other Series of Bonds, means the tax certificate, dated of the date of issuance of such Series of Bonds, among the Authority, the City and the Medical Center, as originally executed and as it may be amended and supplemented from time to time pursuant to its terms.

Term Bonds means Bonds of any Series payable on or before their specified maturity dates from Mandatory Sinking Account Payments established for that purpose and calculated to retire such Bonds on or before their specified maturity dates.

Trust Agreement means this Trust Agreement, dated as of April 1, 2018, between the Authority and the Trustee, as originally executed and as it may from time to time be amended or supplemented pursuant to the provisions hereof.

Trustee means MUFG Union Bank, N.A., or any successor thereto pursuant to Section 8.01 of this Trust Agreement.

SECTION 1.02 Content of Certificates and Opinions. Every certificate or opinion provided for in this Trust Agreement with respect to compliance with any provision hereof shall include: (1) a statement that the Person making or giving such certificate or opinion has read such provision and the definitions herein relating thereto; (2) a brief statement as to the nature and scope of the examination or investigation upon which the certificate or opinion is based; (3) a statement that, in the opinion of such Person, he has made or caused to be made such examination or investigation as is necessary to enable him to express an informed opinion with respect to the subject matter referred to in the certificate or opinion to

which his signature is affixed; (4) a statement of the assumptions upon which such certificate or opinion is based, and that such assumptions are reasonable; and (5) a statement as to whether, in the opinion of such Person, such provision has been complied with.

Any such certificate or opinion made or given by an Authorized Representative of the Authority or the City or the Medical Center may be based, insofar as it relates to legal or accounting or health care facility matters, upon a certificate or opinion of or representation by counsel, an Independent Certified Public Accountant, an internal senior accounting officer or a Management Consultant, unless such Authorized Representative knows, or in the exercise of reasonable care should have known, that the certificate, opinion or representation with respect to the matters upon which such certificate or opinion may be based, as aforesaid, is erroneous. Any such certificate or opinion made or given by counsel, an Independent Certified Public Accountant, an internal senior accounting officer, or a Management Consultant may be based, insofar as it relates to factual matters (with respect to which information is in the possession of the Authority or the City or the Medical Center) upon a certificate or opinion of or representation by an officer of the Authority or the City or the Medical Center, unless such counsel, an Independent Certified Public Accountant, an internal senior accounting officer, or Management Consultant knows, or in the exercise of reasonable care should have known, that the certificate or opinion or representation with respect to the matters upon which such individual's certificate or opinion or representation may be based, as aforesaid, is erroneous. The same Authorized Representative of the Authority or Authorized Representative of the City or Authorized Representative of the Medical Center, or the same counsel or an Independent Certified Public Accountant, an internal senior accounting officer, or Management Consultant, as the case may be, need not certify to all of the matters required to be certified under any provision of this Trust Agreement, but different Authorized Representatives, counsel, an Independent Certified Public Accountant, an internal senior accounting officer, or Management Consultants may certify to different matters, respectively.

SECTION 1.03 Interpretation.

(a) Unless the context otherwise indicates, words expressed in the singular shall include the plural and vice versa and the use of the neuter, masculine, or feminine gender is for convenience only and shall be deemed to mean and include the neuter, masculine or feminine gender, as appropriate.

(b) Headings of articles and sections herein and the table of contents hereof are solely for convenience of reference, do not constitute a part hereof and shall not affect the meaning, construction or effect hereof.

(c) All references herein to Articles, Sections and other subdivisions are to the corresponding Articles, Sections or subdivisions of this Trust Agreement; the words herein, hereof, hereby, hereunder and other words of similar import refer to this Trust Agreement as a whole and not to any particular Article, Section or subdivision hereof.

ARTICLE II

THE BONDS

SECTION 2.01 Authorization of Bonds. Bonds may be issued hereunder from time to time as the issuance thereof is approved by the Authority to obtain moneys to carry out the purposes authorized by the Act for the benefit of the Medical Center. The Bonds authorized to be issued under this Trust Agreement shall be designated generally as "El Centro Financing Authority Hospital Revenue Bonds (El Centro Regional Medical Center Project)," each Series thereof to bear such additional designation as may be necessary or appropriate to distinguish such Series from every other Series of Bonds. The maximum

principal amount of Bonds which may be issued hereunder is not limited; subject, however, to the right of the Authority, which is hereby reserved, to limit the aggregate principal amount of Bonds which may be issued or Outstanding hereunder. The Bonds may be issued in such Series as from time to time shall be established and authorized by the Authority, subject to the covenants, provisions and conditions herein contained. This Trust Agreement constitutes a continuing agreement of the Authority with the Owners from time to time of the Bonds to secure the full payment of the principal of, premium, if any, and interest on all such Bonds subject to the covenants, provisions and conditions herein contained.

SECTION 2.02 Terms of the Series 2018 Bonds. An initial Series of Bonds is hereby created and additionally designated as the “El Centro Financing Authority Hospital Revenue Refunding Bonds (El Centro Regional Medical Center Project), Series 2018.” The Series 2018 Bonds shall be issued as fully registered bonds in Authorized Denominations. The Series 2018 Bonds shall be dated their date of delivery and interest thereon shall be payable on each Interest Payment Date. The Series 2018 Bonds shall mature on the following dates in the following amounts and shall bear interest at the following rates per annum based on a 360 day year, comprised of twelve 30-day months (provided that upon the occurrence and during the continuance of an Event of Default or a Determination of Taxability the interest rate on each Series 2018 Bond shall increase by 5.0% per annum):

Maturity Date (July 1)	Principal Amount	Interest Rate
_____	_____	_____

The Series 2018 Bonds shall be registered initially in the name of Cede & Co., as nominee of the Depository, and shall be evidenced by one Series 2018 Bond for each maturity of the Series 2018 Bonds in the principal amount of the respective maturities of the Series 2018 Bonds. Registered ownership of the Series 2018 Bonds, or any portion thereof, may not thereafter be transferred except as set forth in Section 2.10 hereof.

The principal or Redemption Price of the Series 2018 Bonds shall be payable in lawful money of the United States of America by check upon surrender or presentation thereof at the Principal Corporate Trust Office. Payment of the interest on any Series 2018 Bond shall be made to the person whose name appears on the bond registration books of the Trustee as the registered owner thereof as of the close of business on the Record Date for each Interest Payment Date, such interest to be paid by check mailed by first class mail on each Interest Payment Date to the registered owner at his address as it appears on such registration books; provided, however, that at the written request of Owners of Series 2018 Bonds in the aggregate principal amount of \$1,000,000 or more received by the Trustee prior to the Record Date, interest shall be paid by wire transfer to an account within the United States.

The Series 2018 Bonds shall be numbered consecutively beginning with number R-1, and the Series 2018 Bonds shall bear interest from their date of delivery.

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

SECTION 2.03 Terms and Form of Additional Bonds. Terms of each additional Series of Bonds shall be specified in the Supplemental Trust Agreement providing for the issuance of such Series of Bonds. Such Bonds, the Trustee's certificate of authentication and the assignment to appear thereon, shall be in substantially the forms attached as an Exhibit to the Supplemental Trust Agreement providing for the issuance of such Series of Bonds.

SECTION 2.04 Execution of Bonds. The Bonds shall be executed in the name and on behalf of the Authority with the manual or facsimile signature of its Chair and shall be countersigned with the manual or facsimile signature of the Secretary of the Authority. The Chair of the Authority is hereby authorized and directed to execute each of the Bonds on behalf of the Authority and the Secretary of the Authority is hereby authorized and directed to countersign each of the Bonds on behalf of the Authority. Unless otherwise provided in any Supplemental Trust Agreement with respect to a Series of Bonds, the Bonds shall then be delivered to the Trustee for authentication by it. In case any of the officers who shall have signed or countersigned any of the Bonds shall cease to be such officer or officers of the Authority before the Bonds so signed or countersigned shall have been authenticated or delivered by the Trustee or issued by the Authority, such Bonds may nevertheless be authenticated, delivered and issued and, upon such authentication, delivery and issue, shall be as binding upon the Authority as though those who signed and countersigned the same had continued to be such officers of the Authority, and also any Bond may be signed and countersigned on behalf of the Authority by such persons as at the actual date of execution of such Bond shall be the proper officers of the Authority although at the nominal date of such Bond any such person shall not have been an officer of the Authority.

Only such of the Bonds bearing thereon a certificate of authentication in the form hereinbefore recited, executed manually by the Trustee, shall be valid or obligatory for any purpose or entitled to the benefits of this Trust Agreement and such certificate of the Trustee shall be conclusive evidence that the Bonds so authenticated have been duly executed, authenticated and delivered hereunder and are entitled to the benefits of this Trust Agreement.

SECTION 2.05 Transfer of Bonds. Any Bond may, in accordance with its terms, be transferred in the books required to be kept by the Trustee pursuant to the provisions of Section 2.07 by the person in whose name it is registered, in person or by his duly authorized attorney, upon surrender of such Bond at the Principal Corporate Trust Office, accompanied by delivery of written instrument of transfer, duly executed in a form acceptable to the Trustee. Whenever any Bond or Bonds shall be surrendered for transfer, the Authority shall execute and the Trustee shall authenticate and make available for delivery a new Bond or Bonds in Authorized Denominations of the same Series, maturity, interest rate and aggregate principal amount. The Trustee shall require the Owner requesting such transfer to pay any tax or other governmental charge required to be paid with respect to such transfer. The cost of any services rendered or expenses incurred by the Trustee in connection with any transfer shall be paid by the Medical Center.

While any Series 2018 Bond is required hereunder to be in an Authorized Denomination of \$100,000 or any integral multiple of \$5,000 in excess thereof, all or any portion of such Series 2018 Bond may be transferred by the Owner or Beneficial Owner thereof only to Qualified Institutional Buyers or Accredited Investors, or both; provided, that none of the Trustee, the Authority, the Medical Center, the City or the Depository shall have any obligation to confirm or monitor whether any such transferees of all or any portion of the Series 2018 Bonds are Qualified Institutional Buyers or Accredited Investors. No

investor letter or representation of any sort is required hereby to be obtained from any transferee in connection with any transfer of all or any portion of the Series 2018 Bonds.

SECTION 2.06 Exchange of Bonds. Bonds may be exchanged at the Principal Corporate Trust Office for a like aggregate principal amount of Bonds of other Authorized Denominations of the same Series, maturity and interest rate. The Trustee shall require the Owner requesting such exchange to pay any tax or other governmental charge required to be paid with respect to such exchange. The cost of printing Bonds and any services rendered or expenses incurred by the Trustee in connection with any transfer shall be paid by the Medical Center. No Bond may be exchanged following its selection pursuant to Article IV.

Upon the written consent of 100% of the Owners of a particular maturity of the Series 2018 Bonds to be exchanged (the “Exchanged Series 2018 Bonds”), the Trustee shall exchange all such Exchanged Series 2018 Bonds for two or more serial and/or term Bonds (the “Modified Series 2018 Bonds”) as directed by such Owners. The total debt service on the Modified Series 2018 Bonds shall be no greater than the total debt service on the Exchanged Series 2018 Bonds. The Modified Series 2018 Bonds shall be issued in book-entry form in the name of the Depository (or its nominee), and all of the fees and expenses associated with reissuance, obtaining new CUSIP numbers and registration, including fees and expenses of Bond Counsel and counsel to the Medical Center, as well as the fees and expenses of the Trustee, shall be paid by the Owners of the Series 2018 Bonds.

SECTION 2.07 Bond Register. The Trustee will keep, or cause to be kept, at its Principal Corporate Trust Office sufficient books for the registration and transfer of the Bonds, which shall at all times upon reasonable prior notice be open to inspection by the Authority and the City; and upon presentation for such purpose, the Trustee shall, under such reasonable regulations as it may prescribe, register or transfer, or cause to be registered or transferred, on such books, Bonds as hereinabove provided.

SECTION 2.08 Temporary Bonds. The Bonds may be issued in temporary form exchangeable for definitive Bonds when ready for delivery. Any temporary Bonds must be printed, shall be of such denomination as may be determined by the Authority, shall be in fully registered form without coupons and may contain such reference to any of the provisions of this Trust Agreement as may be appropriate. A temporary Bond may be in the form of a single Bond payable in installments, each on the date, in the amount and at the rate of interest established for the Bonds maturing on such date. Every temporary Bond shall be executed by the Authority and be authenticated by the Trustee upon the same conditions and in substantially the same manner as the definitive Bonds. If the Authority issues temporary Bonds, it will execute and furnish definitive Bonds as promptly thereafter as practicable, and thereupon the temporary Bonds may be surrendered, for cancellation, in exchange therefor at the Principal Corporate Trust Office, and the Trustee shall authenticate and deliver in exchange for such temporary Bonds an equal aggregate principal amount of Bonds of Authorized Denominations of the same Series and maturity or maturities. Until so exchanged, the temporary Bonds shall be entitled to the same benefits under this Trust Agreement as definitive Bonds authenticated and delivered hereunder. The Medical Center shall pay the costs of printing the definitive Bonds.

SECTION 2.09 Bonds Mutilated, Destroyed, Stolen. If any Bond shall become mutilated, the Authority, at the expense of the Owner of said Bond, shall execute, and the Trustee shall thereupon authenticate and deliver, a new Bond of like Series and tenor in exchange and substitution for the Bond so mutilated, but only upon surrender to the Trustee of the Bond so mutilated. Every mutilated Bond so surrendered to the Trustee shall be canceled by it and delivered to, or upon the order of, the Authority. If any Bond shall be alleged to be lost, destroyed or stolen, evidence of such loss, destruction or theft shall be submitted to the Trustee and, if such evidence be satisfactory to the Trustee and indemnity satisfactory to it shall be given together with any bond reasonably required by the Authority, the Authority, at the expense of the Owner, shall execute, and the Trustee shall thereupon authenticate and deliver, a new

Bond of like Series and tenor in lieu of and in substitution for the Bond so lost, destroyed or stolen. If any such Bond shall have matured or shall have been called for redemption, instead of issuing a substitute Bond, the Trustee may pay the same without surrender thereof upon receipt of the aforementioned indemnity and/or bond. The Trustee may require payment by the Owner of a sum not exceeding the actual cost of preparing each new Bond issued under this Section 2.09 and of the expenses which may be incurred by the Trustee in connection therewith. Any Bond issued under the provisions of this Section 2.09 in lieu of any Bond alleged to be lost, destroyed or stolen shall constitute an original additional contractual obligation on the part of the Authority whether or not the Bond so alleged to be lost, destroyed or stolen be determined at any time to be enforceable by anyone, and shall be entitled to the benefits of this Trust Agreement with all other Bonds secured by this Trust Agreement.

SECTION 2.10 Use of Depository. Except as may otherwise be provided in a Supplemental Trust Agreement establishing the terms and provisions of a Series of Additional Bonds, notwithstanding any provision of this Trust Agreement to the contrary,

(a) The Bonds will be initially registered in the name of Cede & Co., as nominee for the Depository. Registered ownership of the Series 2018 Bonds or any other Bonds, or any portion thereof, may not thereafter be transferred except:

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

(ii) to any substitute depository designated by the Authority and not objected to by the Trustee, upon (1) the resignation of the Depository or its successor (or any substitute depository or its successor) from its functions as depository or (2) a determination by the Authority that the Depository or its successor (or any substitute depository or its successor) is no longer able to carry out its functions as depository; provided that any such substitute depository shall be qualified under any applicable laws to provide the services proposed to be provided by it; or

(iii) to any person as provided below, upon (1) the resignation of the Depository or its successor (or any substitute depository or its successor) from its functions as depository; provided that no substitute depository which is not objected to by the Trustee can be obtained or (2) a determination by the Authority that it is in the best interests of the Authority to remove the Depository or its successor (or any substitute depository or its successor) from its functions as depository.

(b) In the case of any transfer pursuant to clause (ii) or clause (iii) of subsection (a) hereof, upon receipt of the Outstanding Bonds by the Trustee, together with a Certificate of the Authority to the Trustee, a single new Bond for each Series and maturity of Bonds then outstanding shall be authenticated and delivered in the aggregate principal amount of the Bonds of each such respective Series and maturity then Outstanding, registered in the name of such successor or such substitute depository, or their nominees, as the case may be, all as specified in such Certificate of the Authority. In the case of any transfer pursuant to clause (iv) of subsection (a) hereof, upon receipt of the Outstanding Bonds by the Trustee together with a Certificate of the Authority to the Trustee, new Bonds shall be authenticated and delivered in such denominations numbered in consecutive order and registered in the names of such persons as are requested in such a Certificate of the Authority, subject to the limitations of Section 2.05 hereof, provided the Trustee shall not be required to deliver such new Bonds within a period less than fifteen (15) days from the date of receipt of such a Certificate of the Authority.

(c) In the case of partial redemption or an advance refunding of the Bonds evidencing all or a portion of the principal amount Outstanding, the Securities Depository or Owner, as applicable, shall make an appropriate notation on the Bonds indicating the date and amounts of such reduction in principal.

(d) The Authority and the Trustee shall be entitled to treat the person in whose name any Bond is registered as the Owner thereof for all purposes of this Trust Agreement and any applicable laws, notwithstanding any notice to the contrary received by the Trustee or the Authority; and the Authority and the Trustee shall have no responsibility for transmitting payments to, communication with, notifying, or otherwise dealing with any Beneficial Owners of the Bonds. Neither the Authority nor the Trustee will have any responsibility or obligations, legal or otherwise, to the Beneficial Owners or to any other party including the Depository or its successor (or any substitute depository or its successor), except for the Owner of any Bond.

(e) So long as the Bonds are registered in the name of Cede & Co. or its registered assigns, the Authority and the Trustee shall cooperate with Cede & Co., as sole registered Owner, and its registered assigns in effecting payment of the principal of, Redemption Price and interest on the Bonds by arranging for payment in such manner that funds for such payments are properly identified and are made immediately available on the date they are due.

ARTICLE III

ISSUANCE OF BONDS; APPLICATION OF PROCEEDS

SECTION 3.01 Issuance of the Series 2018 Bonds. At any time after the execution of this Trust Agreement, the Authority may execute and the Trustee shall authenticate, and upon the Order of the Authority, make available for delivery the Series 2018 Bonds in the aggregate principal amount of \$[Par Amount].

SECTION 3.02 Application of Proceeds of the Series 2018 Bonds and the Series 2015 Bonds. The Trustee shall establish, maintain and hold in trust a separate fund designated as the "Series 2018 Bond Proceeds Fund." Proceeds received from the sale of the Series 2018 Bonds shall be deposited in trust with the Trustee in the Series 2018 Bond Proceeds Fund, who shall further transfer and deposit such proceeds as follows:

- (i) transfer \$_____ to the trustee for the 2015 Bonds for redemption of the 2015 Bonds on the Closing Date.
- (ii) deposit \$_____ in the Series 2018 Bond Reserve Account, which shall equal the Bond Reserve Account Requirement for the Series 2018 Bonds.
- (iii) deposit \$_____ in the Costs of Issuance Fund.
- (iv) deposit \$_____ in the Series 2018 Project Account.
- (v) deposit \$_____ in the Series 2018 Capitalized Interest Account.

After making the foregoing deposits and transfers, the Trustee shall close the Series 2018 Bond Proceeds Fund. The Trustee may establish other temporary funds or accounts for administrative convenience.

The Trustee shall establish, maintain and hold in trust a separate fund designated as the “Series 2015 Project Account.” Unexpended proceeds of the Series 2015 Bonds shall be deposited in trust with the Trustee in the Series 2015 Project Account. Amounts in the Series 2015 Project Account shall be held uninvested in cash and disbursed in accordance with Section 3.04 pursuant to a Requisition.

SECTION 3.03 Establishment and Application of Costs of Issuance Fund. Unless otherwise instructed in a Supplemental Trust Agreement, providing for the terms and provisions of a Series of Additional Bonds, the Trustee shall establish and maintain and hold in trust a separate fund designated as the “Costs of Issuance Fund.” The moneys deposited in the Costs of Issuance Fund shall be used to pay Costs of Issuance upon receipt by the Trustee of a Costs of Issuance Requisition, in the form attached hereto as Exhibit B, of the Medical Center stating the person to whom payment is to be made, the amount to be paid, the purpose for which the obligation was incurred and that such payment is a proper charge against the Costs of Issuance Fund. On the one hundred eightieth (180th) day following the initial issuance of a Series of Bonds, or upon the earlier Request of the Medical Center, amounts, if any, remaining in the Costs of Issuance Fund attributable to such Series of Bonds shall be transferred to the Project Account of such Series of Bonds and the Costs of Issuance Fund shall be closed.

SECTION 3.04 Establishment and Application of Project Fund and Insurance and Condemnation Proceeds Fund.

(a) The Trustee shall establish, maintain and hold in trust a separate fund designated as the “Project Fund.” With respect to the Series 2018 Medical Center Projects and each Additional Medical Center Project, the Trustee shall establish and maintain in the Project Fund a separate account for such Medical Center Project designated as the “_____ Project Account” (inserting therein the Series designation of such Medical Center Project). The moneys in each Project Account, including the Series 2015 Project Account established pursuant to Section 3.02 hereof, shall be used and withdrawn by the Trustee, as directed by an Project Account requisition, in the form attached hereto as Exhibit C (each, a “Requisition”) of the Medical Center, to pay Project Costs incurred in connection with the Medical Center Project to which such Project Account relates. The Trustee shall initially establish, maintain and hold in trust a separate account designated the “Series 2018 Project Account.” Upon receipt of each Requisition, the Trustee shall pay the amount set forth in such Requisition as directed by the terms thereof out of the Project Account. The Trustee may conclusively rely on the representations of the Medical Center in any Requisitions delivered by the Medical Center pursuant to this Section 3.04. The Trustee shall not make any such payment if, prior to making such payment, it has received notice of any lien, right to lien or attachment upon, or claim affecting the right to receive payment of, any of the moneys to be so paid, which has not been released or will not be released simultaneously with such payment.

(b) When any Medical Center Project, including the Series 2018 Medical Center Projects, shall have been completed, the following shall be delivered to the Trustee by the Medical Center:

(i) a statement of the Medical Center stating the fact and date of such completion and stating that all of the costs thereof have been determined and paid (or that all of such costs have been paid less specified claims which are subject to dispute and for which a retention in the said Project Account is to be maintained in the full amount of such claims until such dispute is resolved and the Medical Center has provided a Requisition for payment of such remaining amounts);

(ii) for Medical Center Projects involving installation or construction, an architect’s certificate stating the fact and date of such completion; and

(iii) an endorsed copy of the recorded certificate of completion relating to the applicable Medical Center Project.

Subject to Section 6.07, the Medical Center shall direct the Trustee to transfer (upon the receipt of items (i) through (iii) of this Section 3.04(b)) any remaining balance in a Project Account, less the amount of any retention, to the Revenue Fund and such Project Account shall be closed.

(c) The Trustee shall establish, maintain and hold in trust when deposits thereto are required a separate fund designated as the Insurance and Condemnation Proceeds Fund, and administer such fund as set forth in Section 6.06 of the Installment Purchase Agreement.

SECTION 3.05 Conditions for the Issuance of Additional Bonds. In addition to the Series 2018 Bonds, the Authority may, solely upon the request of the City, by Supplemental Trust Agreement establish one or more additional Series of Bonds, payable from Revenues and secured by the pledge made under this Trust Agreement equally and ratably with the Bonds previously issued, and the Authority may issue, and the Trustee may authenticate and deliver, Bonds of any Series so established, in such principal amount as shall be determined by the Authority, but only upon compliance by the Authority with the provisions of Section 3.06 and any additional requirements set forth in the Supplemental Trust Agreement providing for the issuance of such additional Series of Bonds, and subject to the following specific conditions, which are hereby made conditions precedent to the issuance of any such additional Series of Bonds:

(a) No Event of Default shall have occurred and then be continuing.

(b) The Supplemental Trust Agreement providing for the issuance of such Series of Bonds shall specify the following:

(i) the purposes for which such additional Series of Bonds are to be issued; which shall be one or more of the following: (x) for the purpose of financing and/or refinancing an Additional Medical Center Project or the completion of the Series 2018 Medical Center Projects, including payment of all costs incidental to or connected with such financing and/or refinancing; (y) the purpose of refunding any Bonds then Outstanding, including payment of all costs incidental to or connected with such refunding; or (z) for the purpose of refunding or refinancing all or any part of other Long-Term Indebtedness;

(ii) the authorized principal amount, Series designation and dated date of such additional Series of Bonds;

(iii) the maturity dates of and the mandatory sinking account payment dates, if any, for such additional Series of Bonds shall be July 1;

(iv) the Interest Payment Dates for such additional Series of Bonds shall be on January 1 and July 1 in each year;

(v) the Authorized Denominations of and method of numbering such additional Series of Bonds;

(vi) the redemption terms, if any, and the redemption premiums, if any, for such additional Series of Bonds;

(vii) the amount, if any, to be deposited from the proceeds of sale of such additional Series of Bonds in the Interest Account;

(viii) the amount, if any, to be deposited in a Bond Reserve Account from the proceeds of sale of such additional Series of Bonds or from the funds of the Medical Center or from both such sources to satisfy any applicable Bond Reserve Account Requirement with respect to any Bonds;

(ix) the amount, if any, to be deposited from the proceeds of sale of such additional Series of Bonds in the Costs of Issuance Fund established in connection with such additional Series of Bonds;

(x) the amount, if any, to be deposited from the proceeds of sale of such additional Series of Bonds in an Project Account established within the Project Fund in connection with such additional Series of Bonds;

(xi) the form of such additional Series of Bonds; and

(xii) such other provisions as are necessary or appropriate and not inconsistent herewith.

(c) The Authority shall have entered into a Supplemental Installment Purchase Agreement with the Purchaser and the Medical Center providing for payment of Installment Purchase Payments in an amount sufficient to pay principal of, premium, if any, and interest on such additional Series of Bonds as the same become due.

(d) In the case of a Series of Bonds issued for the purposes described in Section 3.05(b)(i)(y), instructions shall have been given to the Trustee to give notice as provided in Article IV of redemption of all Bonds to be redeemed in connection with such refunding.

(e) In the case of a Series of Bonds issued for the purposes described in Section 3.05(b)(i)(z), a Certificate of the Medical Center or an Opinion of Counsel, to the effect that all actions and conditions required precedent to the discharge of the Long-Term Indebtedness to be refunded have been taken or exist in accordance with the terms of such Long-Term Indebtedness, shall have been delivered to the Trustee.

SECTION 3.06 Procedure for the Issuance of Additional Bonds. Whenever the Authority shall determine to issue an additional Series of Bonds pursuant Section 3.05, the Authority shall authorize and enter into a Supplemental Trust Agreement, providing the terms and provisions of such additional Series of Bonds. Before such additional Series of Bonds shall be authenticated and delivered, the following documents shall be delivered by, or filed with, the Trustee:

(a) A Certificate of the Trustee stating that no Event of Default has occurred and is then continuing;

(b) A Certificate of the Medical Center stating that no Purchase Agreement Default has occurred and is then continuing;

(c) An executed copy of the Supplemental Trust Agreement authorizing the issuance of such additional Series of Bonds;

(d) An executed counterpart of the Supplemental Installment Purchase Agreement required by Section 3.05(c);

(e) An Order of the Authority as to the delivery of such additional Series of Bonds;

(f) An Opinion of Bond Counsel to the effect that (i) the Supplemental Trust Agreement has been duly authorized, executed and delivered by the Authority and is valid and binding upon the Authority, and (ii) such additional Series of Bonds are valid and binding limited obligations of the Authority entitled to the benefits of the Act and hereof, and such additional Series of Bonds have been duly and validly issued in accordance with the Act and herewith; and

(g) Such further documents, money or securities as are required by the provisions of the Supplemental Trust Agreement providing for the issuance of such additional Series of Bonds.

SECTION 3.07 Validity of Bonds. The validity of the authorization and issuance of the Bonds is not dependent on and shall not be affected in any way by any proceedings taken by the Authority or the Trustee with respect to or in connection with the Installment Purchase Agreement. The recital contained in the Bonds that the same are issued pursuant to the Act and the Constitution and laws of the State shall be conclusive evidence of their validity and of compliance with the provisions of law in their issuance.

ARTICLE IV

REDEMPTION OF BONDS

SECTION 4.01 Terms of Redemption.

(a) The Bonds are subject to redemption prior to their respective stated maturities at the option of the Authority (which option shall be exercised as directed by the Authority) in whole or in part on any date pro rata among maturities as directed by the Authority upon at least thirty-five (35) days prior written notice to the Trustee from the Authority, from moneys required to be deposited in the Special Redemption Account pursuant to Section 6.06 of the Installment Purchase Agreement at the principal amount thereof, together with interest accrued thereon to the, date fixed for redemption, without premium.

(b) Except as provided in Section 4.01(a), Section 4.01(c), and Section 4.01(d), the Series 2018 Bonds maturing before July 1, 2026 are not subject to redemption prior to maturity. The Series 2018 Bonds maturing on and after July 1, 2026 are subject to redemption prior to maturity in whole, or in part among maturities as determined by the Authority (which option shall be exercised as directed by the Authority) on any date, from any available source of funds, at the redemption prices (expressed as a percentage of the principal amount of the Series 2018 Bonds redeemed) set forth below, together with accrued and unpaid interest thereon to the redemption date, if redeemed during the redemption period indicated below.

<u>Redemption Period</u>	<u>Redemption Price</u>
July 1, 2026 to June 30, 2027	104.50%
July 1, 2027 to June 30, 2028	103.00
July 1, 2028 to June 30, 2029	101.50
On and after July 1, 2029	100.00

(c) The Series 2018 Bonds that are Term Bonds are also subject to redemption prior to their stated maturity in part by lot from Mandatory Sinking Account Payments established in Section 5.04 on any July 1 specified in Section 5.04, at the principal amount thereof, together with interest accrued and unpaid thereon to the date fixed for redemption, without premium.

(d) Notwithstanding anything else herein, upon a Determination of Taxability, the Medical Center agrees to use its best efforts to do the following to complete a special redemption of the Series 2018 Bonds:

(i) Within thirty (30) days of the Determination of Taxability (or such later date acceptable to the Majority Owners, develop and deliver to the Majority Owners, the City and the Medical Center for approval, a plan of refunding for the Series 2018 Bonds at a redemption price of 107% prior to July 1, 2026 and thereafter at the redemption price set forth in Section 4.01(b), plus accrued interest thereon (the "Refunding Plan");

(ii) Within sixty (60) days of the Determination of Taxability (or such later date acceptable to the Majority Owners), submit the Refunding Plan to the Authority for approval and request that the Authority to issue refunding bonds or otherwise cause the refinancing of the Series 2018 Bonds in accordance with such Refunding Plan; and

(iii) As soon as reasonably practicable following completion of items (i) and (ii) above, cause the Authority to implement any approved Refunding Plan.

(e) Any Series of Bonds, other than the Series 2018 Bonds, may be made subject to redemption prior to maturity, as a whole or in part, at such time or times, upon payment of the principal amount thereof and interest accrued thereon to the date fixed for redemption, plus such premium or premiums, if any, and upon such terms (in addition to and consistent with the terms contained in this Article) as may be determined by the Authority at the time such Series is authorized and as shall be set forth in the Supplemental Trust Agreement authorizing such Series.

SECTION 4.02 Selection of Bonds for Redemption. Whenever provision is made in this Trust Agreement for the redemption of less than all of the Bonds of a Series or any given portion thereof, the Trustee shall select the Bonds to be redeemed, from all Bonds of such Series subject to redemption or such given portion thereof not previously called for redemption, among maturities as selected by the Authority and by lot within maturities. The Trustee shall promptly notify the Authority and the City in writing of the Bonds or portions thereof so selected for redemption.

SECTION 4.03 Notice of Redemption. Notice of redemption shall be mailed by first class mail by the Trustee, not less than twenty (20) nor more than sixty (60) days prior to the redemption date to the respective Owners of any Bonds designated for redemption at their addresses appearing on the bond registration books of the Trustee, the Authority and the Information Services. Notice of redemption shall also be given by telecopy, certified, registered, or overnight mail to the Securities Depositories, if applicable. Notice of redemption of Bonds shall be given by the Trustee, at the expense of the Medical Center, for and on behalf of the Authority. Each notice of redemption shall state the redemption date, the place or places of redemption, the Series of Bonds to be redeemed, the maturities, the date of issue of the Series of Bonds, the CUSIP number (if any) of the maturity or maturities and, if less than all of any such maturity, the distinctive numbers (or inclusive ranges of distinctive numbers) of the Bonds of such maturity, to be redeemed and, in the case of Bonds to be redeemed in part only, the respective portions of the principal amount thereof to be redeemed. Each such notice shall also state that on said date there will become due and payable on each of said Bonds the Redemption Price thereof or of said specified portion of the principal amount thereof in the case of a fully registered Bond to be redeemed in part only, together with interest

accrued thereon to the redemption date, and that from and after such redemption date interest thereon shall cease to accrue, and shall require that such Bonds be then surrendered. Neither the Authority nor the Trustee shall have any responsibility for any defect in the CUSIP number that appears on any Bond or in any redemption notice with respect thereto, and any such redemption notice may contain a statement to the effect that CUSIP numbers have been assigned by an independent service for convenience of reference and that neither the Authority nor the Trustee shall be liable for any inaccuracy in such numbers.

Failure of the Trustee to give notice to an Owner or any defect in such notice shall not affect the validity of the redemption of any other Bonds. Failure of the Trustee to give notice pursuant to this Section 4.03 to any one or more of the Information Services or Securities Depositories, or the insufficiency of such notices, shall not affect the sufficiency of the proceedings for redemption.

Any notice of redemption of the Bonds may be subject to one or more conditions precedent. If any notice of redemption of the Bonds is subject to one or more conditions precedent, any such redemption may be rescinded in whole and not in part at any time prior to the close of business on the Business Day prior to the redemption date if the Authority delivers written notice to the Trustee describing the failure of the condition in reasonable detail and rescinding the redemption. The Trustee shall promptly provide a copy of written notice to the Owners in the same manner in which the notice of redemption was given.

SECTION 4.04 Partial Redemption of Bonds. Upon surrender of any Bond redeemed in part only, the Authority shall execute and the Trustee shall authenticate and make available for delivery to the registered owner thereof, at the expense of the Medical Center, a new Bond or Bonds of Authorized Denominations, and of the same Series and maturity, equal in aggregate principal amount to the unredeemed portion of the Bond surrendered.

SECTION 4.05 Effect of Redemption. Notice of redemption having been duly given as aforesaid, and moneys for payment of the Redemption Price of, together with interest accrued to the redemption date on, the Bonds (or portions thereof) so called for redemption being held by the Trustee, on the redemption date designated in such notice, the Bonds (or portions thereof) so called for redemption shall become due and payable at the Redemption Price specified in such notice and interest accrued thereon to the redemption date, interest on the Bonds so called for redemption shall cease to accrue, said Bonds (or portions thereof) shall cease to be entitled to any benefit or security under this Trust Agreement, and the Owners of said Bonds shall have no rights in respect thereof except to receive payment of said Redemption Price and accrued interest to the date fixed for redemption. All Bonds redeemed pursuant to the provisions of this Article shall be canceled upon surrender thereof and delivered to or upon the Order of the Authority.

ARTICLE V

REVENUES

SECTION 5.01 Pledge and Assignment.

(a) Subject only to the provisions of this Trust Agreement permitting the application thereof for the purposes and on the terms and conditions set forth herein, there are hereby pledged to secure the payment of the principal of, Redemption Price, and interest on the Bonds in accordance with their terms and the provisions of this Trust Agreement, all of the Revenues and any other amounts (including proceeds of the sale of Bonds), held in any fund or account established pursuant to this Trust Agreement (other than the Rebate Fund); provided, that the Series 2018 Bond Reserve Account and each other Bond Reserve Account shall only secure the applicable Series of Bonds specified herein or in a Supplemental Trust Agreement. Such pledge shall constitute a first lien on and security interest in such assets and shall attach,

be perfected and be valid and binding from and after delivery by the Trustee of the Series 2018 Bonds, without any physical delivery thereof or further act.

(b) The Authority hereby transfers in trust, grants a security interest in and assigns to the Trustee, for the benefit of the Owners from time to time of the Bonds, all of the Revenues and other assets pledged in subsection (a) of this Section 5.01 and all of the right, title and interest of the Authority in the Installment Purchase Agreement (except for the right to receive, in all cases to the extent payable to the Authority, (i) any Administrative Fees and Expenses, (ii) any amounts paid by the Medical Center pursuant to Sections 7.03 and 7.04 of the Installment Purchase Agreement and (iii) the right of the Authority to receive the Certificate of the Medical Center required by Section 5.09 of the Installment Purchase Agreement). The Trustee shall be entitled to and shall collect and receive all of the Revenues, and any Revenues collected or received by the Authority shall be deemed to be held, and to have been collected or received, by the Authority as the agent of the Trustee and shall forthwith be paid by the Authority to the Trustee. The Trustee also shall be entitled to and, subject to the provisions of this Trust Agreement, shall take all steps, actions and proceedings reasonably necessary in its judgment to enforce all of the obligations of the City and the Medical Center under the Installment Purchase Agreement.

(c) All Revenues shall be promptly deposited by the Trustee upon receipt thereof in a special fund designated as the Revenue Fund, which the Trustee shall establish, maintain and hold in trust, except as otherwise provided in Sections 5.07 and 5.08 and except that all moneys received by the Trustee and required by Section 6.06 of the Installment Purchase Agreement to be deposited in the Redemption Fund shall be promptly deposited in the Redemption Fund, which the Trustee shall establish when required, maintain and hold in trust, and that all moneys received by the Trustee, required to be deposited in a Bond Reserve Account shall be promptly deposited in such account. All Revenues deposited with the Trustee shall be held, disbursed, allocated and applied by the Trustee only as provided in this Trust Agreement.

SECTION 5.02 Allocation of Revenues. On or before the twenty-fifth (25th) day of each month, commencing May 25, 2018 (or, if the twenty-fifth (25th) day of the month is not a Business Day, the first Business Day after the twenty-fifth (25th) day of the month), the Trustee shall transfer from the Revenue Fund and deposit into the following respective accounts (each of which the Trustee shall establish and maintain within the Revenue Fund) and then to the Rebate Fund, the following amounts, in the following order of priority, the requirements of each such account or fund (including an amount required for any deficiencies in any such account resulting from lack of Revenues sufficient to make any earlier required deposit) at the time of deposit to be satisfied before any transfer is made to any account or fund subsequent in priority:

First: to the Interest Account, one-sixth of the aggregate amount of interest becoming due and payable during the next succeeding six months on all Bonds then Outstanding, less any amounts to be transferred to the Interest Account from a Capitalized Interest Account for the payment of such interest, until the balance in such account is equal to such aggregate amount of interest (taking into account such transfers from the Capitalized Interest Account); provided, however, that from the date of delivery of a Series of Bonds until the first Interest Payment Date with respect to such Bonds (if less than six months), transfers to the Interest Account shall be sufficient on a monthly pro rata basis to pay the interest becoming due and payable on said Interest Payment Date; provided, further, that for any Series of Bonds that requires the monthly payment of interest, to the Interest Account, on or before each Interest Payment Date: the amount required to make the amount on deposit in the Interest Account equal to the amount of accrued and unpaid interest on such Bonds due and payable on the next Interest Payment Date.

Second: to the Principal Account, one-twelfth of the aggregate amount of principal becoming due and payable on the Outstanding Serial Bonds plus one-twelfth of the aggregate

amount of Mandatory Sinking Account Payments required to be paid into the respective Sinking Accounts for Outstanding Term Bonds, in each case during the next ensuing twelve months, until the balance in said Principal Account is equal to said aggregate amount of such principal and Mandatory Sinking Account Payments; provided, however, that from the date of delivery of a Series of Bonds until the first principal payment date with respect to such Series of Bonds (if less than twelve months), transfers to the Principal Account shall be sufficient on a monthly pro rata basis to pay the principal becoming due and payable on said principal payment date;

Third: to the Series 2018 Bond Reserve Account, and any other Bond Reserve Account, pro rata for the purpose of making up any deficiency therein; and

Fourth: to the Rebate Fund, such amounts as are required to be deposited therein by this Trust Agreement (including the Tax Certificate).

Any moneys remaining in the Revenue Fund after the foregoing transfers are made shall be transferred, upon request of the Medical Center to the Trustee in writing to the Medical Center. If no such written request is received, the Trustee shall apply moneys remaining in the Revenue Fund as a credit towards the next Interest Account and Principal Account deposits required above.

SECTION 5.03 Application of Interest Account.

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

(b) The Trustee shall establish and maintain within the Interest Account, a subaccount designated as the "Series 2018 Capitalized Interest Account." The amount deposited in the Series 2018 Capitalized Interest Account on the Closing Date shall be applied by the Trustee to pay interest when due and payable on the Series 2018 Bonds on each Interest Payment Date until such amount is exhausted.

(c) With respect to each Series of Bonds for which proceeds of the sale thereof are required to be set aside to pay interest on the Bonds, the Trustee (if so instructed by a Supplemental Trust Agreement providing for the issuance of such Series of Bonds) shall establish and maintain a separate subaccount within the Interest Account, designated as the "_____ Capitalized Interest Account" (inserting therein the Series designation of such Bonds). Moneys in a Capitalized Interest Account shall be transferred by the Trustee and deposited in the Interest Account in the amounts and at the times specified in the Supplemental Trust Agreement providing for the issuance of such Series of Bonds.

SECTION 5.04 Application of Principal Account.

(a) All amounts in the Principal Account shall be used and withdrawn by the Trustee solely for the purpose of paying the principal of the Bonds, and Mandatory Sinking Account Payments, when due and payable, as provided herein.

(b) The Trustee shall establish and maintain within the Principal Account a separate subaccount for the term Bonds of each Series, designated as the "_____ Sinking Account" (inserting therein the Series designation of such Bonds). On or before the twenty-fifth (25th) day of each month, commencing May 25, 2018 (or, if the twenty-fifth (25th) day of the month is not a Business Day, the first Business Day after the twenty-fifth (25th) day of the month), the Trustee shall transfer the amount deposited in the Principal Account in that month pursuant to Section 5.02 for the purpose of making a Mandatory Sinking Account Payment (if such deposit is required in such month) from the Principal Account to the

applicable Sinking Account. With respect to each Sinking Account, on each Mandatory Sinking Account Payment date established for the Sinking Account, the Trustee shall transfer the amount deposited in the applicable Sinking Account pursuant to Section 5.02 for the purpose of applying the Mandatory Sinking Account Payment required on that date to the redemption (or payment at maturity, as the case may be) of Term Bonds of the Series for which such Sinking Account was established, upon the notice and in the manner provided in Article IV; provided, that at any time prior to giving such notice of such redemption, the Trustee shall apply such moneys to the purchase of Term Bonds of such Series at public or private sale, as and when and at such prices (including brokerage and other charges, but excluding accrued interest, which is payable from the Interest Account) as the Medical Center may direct, except that the purchase price (excluding accrued interest) shall not exceed the par amount of such Term Bonds. If, during the 12-month period immediately preceding said Mandatory Sinking Account Payment date, the Trustee has purchased Term Bonds of such Series with moneys in such Sinking Account, or, during said period and prior to giving said notice of redemption, the Medical Center has deposited Term Bonds of such Series with the Trustee, or Term Bonds of such Series were at any time purchased or redeemed by the Trustee from the Redemption Fund and allocable to said Mandatory Sinking Account Payment, such Bonds so purchased or deposited or redeemed shall be applied, to the extent of the full principal amount thereof, to reduce said Mandatory Sinking Account Payment. All Bonds purchased or deposited pursuant to this subsection shall be delivered to the Trustee and canceled. Any amounts remaining in the Sinking Account when all of the Term Bonds for which such account was established are no longer Outstanding shall be withdrawn by the Trustee and transferred to the Revenue Fund. All Term Bonds purchased from a Sinking Account or deposited by the Medical Center with the Trustee shall be allocated first to the next succeeding applicable Mandatory Sinking Account Payment, then to the remaining Mandatory Sinking Account Payments for the applicable Series of Bonds as the Medical Center directs.

(c) Subject to the terms and conditions set forth in this Section 5.04 and in Section 4.01(e), the Series 2018 Term Bonds maturing on July 1, 20__ shall be redeemed (or paid at maturity, as the case may be) by application of Mandatory Sinking Account Payments in the following amounts and on the following dates:

Mandatory Sinking Account Payment Dates (July 1)	Mandatory Sinking Account Payments	Mandatory Sinking Account Payment Dates (July 1)	Mandatory Sinking Account Payments
	\$		\$

[†] Maturity.

SECTION 5.05 Application of Redemption Fund. The Trustee shall establish and maintain within the Redemption Fund a separate Optional Redemption Account and a separate Special Redemption Account. The Trustee shall accept all moneys deposited for redemption and shall deposit such moneys into the Optional Redemption Account or the Special Redemption Account, as applicable. All amounts deposited in the Optional Redemption Account and in the Special Redemption Account shall be accepted and used and withdrawn by the Trustee solely for the purpose of redeeming Bonds, in the manner and upon the terms and conditions specified in Article IV, at the next succeeding date of redemption for which notice has been given and at the Redemption Prices then applicable to redemptions from the Optional Redemption Account and the Special Redemption Account, respectively. All Term Bonds purchased or redeemed from the Redemption Fund shall be allocated to applicable Mandatory Sinking Account Payments designated in a Certificate of the City (or if the City fails to deliver such a Certificate to the Trustee, in inverse order of their payment dates).

SECTION 5.06 Application, Valuation and Funding of a Bond Reserve Account.

(a) All amounts in any Bond Reserve Account shall be used and withdrawn by the Trustee solely for the purpose of making up any deficiency in the Interest Account or Principal Account relating to the applicable Series of Bonds or (together with any other moneys available therefor) for the payment or redemption of all Bonds of the applicable Series then Outstanding.

(b) All Investment Securities in a Bond Reserve Account shall be valued by the Trustee on or before each January 1 and July 1. On the fifth day of the month in which a valuation is made pursuant to this Section 5.06(b), any amount in a Bond Reserve Account resulting from a valuation of such Bond Reserve Account in excess of the applicable Bond Reserve Account Requirement shall be transferred to the Revenue Fund. To the extent that amounts in a Bond Reserve Account are less than 100% of the applicable Bond Reserve Account Requirement, the Medical Center shall within thirty (30) days after receiving notice of such valuation from the Trustee pay to the Trustee an amount sufficient to increase the balance in such Bond Reserve Account to the applicable Bond Reserve Account Requirement. The Trustee may engage an independent consultant, at the expense of the Medical Center, to make this valuation.

(c) A Bond Reserve Account Requirement may be satisfied by the deposit with the Trustee of a surety bond payable to the Trustee for the benefit of the Owners. The surety bond provider must maintain a minimum rating equal to the greater of (i) A/A2 or (ii) the rating on the Bonds (the "Minimum Surety Rating Requirement"). If the surety bond provider does not satisfy the Minimum Surety Rating Requirement at any time when the applicable Bond Reserve Account Requirement is satisfied with a surety bond, then the Authority must, within ninety (90) days, either (i) replace the existing surety bond with a surety bond from a new surety bond provider that meets the Minimum Surety Rating Requirement, or (ii) deposit with the Trustee cash in an amount sufficient to satisfy the applicable Bond Reserve Account Requirement.

SECTION 5.07 Rebate Fund. The Trustee shall establish and maintain, when required, a fund separate from any other fund established and maintained hereunder designated as the Rebate Fund. Within the Rebate Fund, the Trustee shall maintain such accounts as shall be necessary to comply with instructions of the City given pursuant to the terms and conditions of the Tax Certificate. Subject to the transfer provisions provided in paragraph (e) below, all money at any time deposited in the Rebate Fund shall be held by the Trustee in trust, to the extent required to satisfy the Rebate Amount, for payment to the federal government of the United States of America. None of the Authority, the City, the Medical Center or the Owner of any Bonds shall have any rights in or claim to such money. All amounts deposited into or on deposit in the Rebate Fund shall be governed by this Section 5.07, by Section 6.07 and by the Tax Certificate (which is incorporated herein by reference). The Trustee shall be deemed conclusively to have complied with such provisions if it follows the directions of the City including supplying all necessary information in the manner provided in the Tax Certificate, and shall have no liability or responsibility to enforce compliance by the City or the Authority with the terms of the Tax Certificate or any other tax covenants contained herein. The Trustee shall not be responsible for calculating rebate amounts or for the adequacy or correctness of any rebate report or rebate calculations. The Trustee shall have no independent duty to review such calculations or enforce the compliance by the City with such rebate requirements. The Trustee shall have no duty or obligation to determine the applicability of the Code and shall only be obligated to act in accordance with written instructions provided by the City.

(a) Upon the City's written direction, an amount shall be deposited to the Rebate Fund by the Trustee from deposits by the City, if and to the extent required, so that the balance in the Rebate Fund shall equal the Rebate Amount. Computations of the Rebate Amount shall be furnished by or on behalf of the City in accordance with the Tax Certificate. The Trustee shall supply to the City and/or the

Authority all necessary information in the manner provided in the Tax Certificate to the extent such information is reasonably available to the Trustee.

(b) The Trustee shall have no obligation to rebate any amounts required to be rebated pursuant to this Section 5.07, other than from moneys held in the funds and accounts created under this Trust Agreement or from other moneys provided to it by the City.

(c) At the written direction of the City, the Trustee shall invest all amounts held in the Rebate Fund in Investment Securities, subject to the restrictions set forth in the Tax Certificate. Moneys shall not be transferred from the Rebate Fund except as provided in paragraph (d) below. The Trustee shall not be liable for any consequences arising from such investment

(d) Upon receipt of the City's written directions, the Trustee shall remit part or all of the balances in the Rebate Fund to the United States, as so directed. In addition, if the City so directs, the Trustee will deposit money into or transfer money out of the Rebate Fund from or into such accounts or funds as directed by the City's written directions; provided, however, only moneys in excess of the Rebate Amount may, at the written direction of the City or the Authority, be transferred out of the Rebate Fund to such other accounts or funds or to anyone other than the United States in satisfaction of the arbitrage rebate obligation. Any funds remaining in the Rebate Fund after each five year remission to the United States of America, redemption and payment of all of the Bonds and payment and satisfaction of any Rebate Amount, or provision made therefor satisfactory to the Trustee, shall be withdrawn and remitted to the City.

(e) Notwithstanding any other provision of this Trust Agreement, the obligation to remit the Rebate Amount to the United States and to comply with all other requirements of this Section 5.07 and Section 6.07 shall survive the defeasance or payment in full of the Bonds.

SECTION 5.08 Investment of Moneys in Funds and Accounts. All moneys in any of the funds and accounts established pursuant to this Trust Agreement shall be invested by, and in the name of, the Trustee, upon the written direction of the Medical Center, solely in Investment Securities. The Trustee shall acquire such Investment Securities upon the written direction of the Medical Center at such prices and on such terms as directed by the Medical Center. In the absence of written investment directions from the Medical Center, the Trustee shall hold all funds uninvested and promptly notify the Medical Center that funds will be held uninvested pending direction from the Medical Center. All Investment Securities shall be acquired subject to the limitations set forth in Section 6.07, the limitations as to maturities hereinafter in this Section 5.08 set forth and such additional limitations or requirements consistent with the foregoing as may be established by Request of the Medical Center. The Medical Center shall not direct the Trustee to invest in anything other than Investment Securities.

Moneys in all funds and accounts (other than a Bond Reserve Account) shall be invested in Investment Securities maturing not later than the date on which it is estimated by the Medical Center that such moneys will be required for the purposes specified in this Trust Agreement. Moneys in a Bond Reserve Account shall be invested in Investment Securities maturing prior to the final maturity of the Bonds but in no event longer than five (5) years from the date of investment therein; provided, however, moneys in a Bond Reserve Account may be invested in Investment Securities with a nominal maturity date which is greater than five (5) years as long as said Investment Securities by their terms allow the Trustee to obtain (at any time the Trustee is required to draw on a Bond Reserve Account hereunder) the corpus thereto at not less than the purchase price thereof without any loss in value. Investment Securities purchased under a repurchase agreement may be deemed to mature on the date or dates on which the Trustee may deliver such Investment Securities for repurchase under such agreement.

All interest, profits and other income received from the investment of moneys in the Rebate Fund shall be retained therein. Unless otherwise provided in a Supplemental Trust Agreement establishing the terms and conditions of an additional Series of Bonds issued pursuant to such Supplemental Trust Agreement, prior to completion of the Series 2018 Medical Center Projects, such completion to be evidenced by the delivery of a Statement of the Medical Center provided in accordance with Section 3.04(b), all interest, profits and other income received from the investment of moneys in any fund or account established pursuant to this Trust Agreement other than the Rebate Fund shall be transferred when received to the Project Account established in connection with such Series of Bonds. Subsequent to completion of the Series 2018 Medical Center Projects or any other Medical Center Project, all interest, profits and other income received from the investment of moneys in any fund or account established pursuant to this Trust Agreement other than the Rebate Fund shall be transferred when received to the Revenue Fund. Notwithstanding anything to the contrary contained in this paragraph, an amount of interest received with respect to any Investment Security equal to the amount of accrued interest, if any, paid as part of the purchase price of such Investment Security shall be credited to the fund or account for the credit of which such Investment Security was acquired.

Investment Securities acquired as an investment of moneys in any fund or account established under this Trust Agreement shall be credited to such fund or account. The Trustee may commingle any of the funds or accounts established pursuant to this Trust Agreement (other than the Rebate Fund) into a separate fund or funds for investment purposes only, provided that all funds or accounts held by the Trustee hereunder shall be accounted for separately as required by this Trust Agreement. The Trustee or any of its affiliates may act as principal or agent in the making or disposing of any investment and shall be entitled to its customary fee therefor. The Trustee may sell in any commercially reasonable manner, or present for redemption, any Investment Securities so purchased whenever it shall be necessary to provide moneys to meet any required payment, transfer, withdrawal or disbursement from the fund or account to which such Investment Security is credited, and, subject to the provisions of Section 8.03, the Trustee shall not be liable or responsible for any loss resulting from any investment made in accordance with provisions of this Section 5.08. The Trustee shall be entitled to assume, absent receipt by the Trustee of written notice to the contrary, that any investment which at the time of purchase is an Investment Security remains an Investment Security.

SECTION 5.09 Prohibition of Forward Purchase Agreements. Notwithstanding any other provision of this Trust Agreement, neither the City nor the Medical Center shall enter into, or instruct the Trustee to enter into, any agreement, including, without limitation, any investment or sale agreement involving the sale of future interest income or a forward delivery agreement or a forward purchase contract or a forward purchase supply contract, which provides for an upfront payment to the Medical Center, in connection with the investment of any of the funds or accounts established under this Trust Agreement and held by the Trustee.

SECTION 5.10 Acquisition, Disposition and Valuation of Investments. The Authority covenants that all investments of amounts deposited in any fund or account created by or pursuant to this Trust Agreement shall be acquired, disposed of, and valued at the market value thereof. For purposes of determining the amount in any fund or account other than a Bond Reserve Account which shall be valued in accordance with the provisions set forth in Section 5.06 hereof, all Investment Securities shall be valued at fair market value. Notwithstanding anything to the contrary herein, in determining the value of any investments held by it hereunder, the Trustee may utilize and rely upon pricing services as may be available to it, including those within its regular accounting system.

ARTICLE VI

PARTICULAR COVENANTS

SECTION 6.01 Punctual Payment. The Authority shall punctually pay or cause to be paid the principal or Redemption Price and interest to become due in respect of all the Bonds, in strict conformity with the terms of the Bonds and of this Trust Agreement, according to the true intent and meaning thereof, but only out of Revenues and other assets pledged for such payment as provided in this Trust Agreement.

SECTION 6.02 Extension of Payment of Bonds. Absent the consent of the Owners in accordance with Section 9.01, the Authority shall not directly or indirectly extend or assent to the extension of the maturity of any of the Bonds or the time of payment of any of the claims for interest by the purchase or funding of such Bonds or claims for interest or by any other arrangement and in case the maturity of any of the Bonds or the time of payment of any such claims for interest shall be extended, such Bonds or claims for interest shall not be entitled, in case of any default hereunder, to the benefits of this Trust Agreement, except subject to the prior payment in full of the principal of the Bonds at the time Outstanding and of all claims for interest thereon which shall not have been so extended. Nothing in this Section 6.02 shall be deemed to limit the right of the Authority to issue Bonds for the purpose of refunding any Outstanding Bonds, and such issuance shall not be deemed to constitute an extension of maturity of Bonds.

SECTION 6.03 Against Encumbrances. The Authority shall not create, or permit the creation of, any pledge, lien, charge or other encumbrance upon the Revenues and other assets pledged or assigned under this Trust Agreement while any of the Bonds are Outstanding, except the pledge and assignment created by this Trust Agreement. Subject to this limitation, the Authority expressly reserves the right to enter into one or more other Trust Agreements for any of its corporate purposes and reserves the right to issue other obligations for such purposes.

SECTION 6.04 Power to Issue Bonds and Make Pledge and Assignment. The Authority is duly authorized pursuant to law to issue the Bonds and to enter into this Trust Agreement and to pledge and assign the Revenues and other assets purported to be pledged and assigned, respectively, under this Trust Agreement in the manner and to the extent provided in this Trust Agreement. The Bonds and the provisions of this Trust Agreement are and will be the legal, valid and binding limited obligations of the Authority in accordance with their terms, and the Authority shall at all times, to the extent permitted by law, defend, preserve and protect said pledge and assignment of Revenues and other assets and all the rights of the Owners under this Trust Agreement against all claims and demands of all Persons whomsoever.

SECTION 6.05 Accounting Records, Financial Statements and Financing Statements.

(a) The Trustee shall at all times keep, or cause to be kept, proper books of record and account, prepared in accordance with the Trustee's accounting practices for books of record and account relating to similar trust accounts, in which complete and accurate entries shall be made of all transactions relating to the proceeds of Bonds, the Revenues, the Installment Purchase Agreement and all funds and accounts established pursuant to this Trust Agreement. Such books of record and account shall be available for inspection by the Authority and any Owner, or his agent or representative duly authorized in writing, upon reasonable notice, at reasonable hours and under reasonable circumstances.

(b) The Trustee shall file and furnish to the Authority (upon request of the Authority), the City and the Medical Center on or before the 15th day of each month, a complete financial statement (which need not be audited and may be in the form of its customary account statements) covering receipts, disbursements, allocation and application of Revenues and any other moneys (including proceeds of Bonds)

in any of the funds and accounts established pursuant to this Trust Agreement for the preceding month. Such financial statements shall be periodic cash transaction statements which include detail for all investment transactions effected by the Trustee or brokers selected by the Medical Center. Upon any party's election, such statements will be delivered via the Trustee's online service and upon electing such service, paper statements will be provided only upon request. The Authority, the City and the Medical Center each waives the right to receive brokerage confirmations of securities transactions effected by the Trustee as they occur, to the extent permitted by law. The Authority, the City and the Medical Center each further understands that trade confirmations for securities transactions effected by the Trustee will be available upon request and at no additional cost and other trade confirmations may be obtained from the applicable broker.

(c) The Trustee shall not be responsible for the preparation and filing of any UCC continuation statements to be made in connection with any of the Revenues and/or Gross Revenues.

SECTION 6.06 Other Covenants.

(a) The Authority shall acquire and construct or cause to be acquired and constructed the Series 2018 Medical Center Projects and any Additional Medical Center Project with all practicable dispatch and such acquisition will be made in an expeditious manner and in conformity with all applicable laws to complete the same as soon as possible.

(b) The Trustee shall promptly collect all amounts due from the Medical Center pursuant to the Installment Purchase Agreement, and subject to the provisions of this Trust Agreement, shall exercise all rights assigned to it pursuant to the Installment Purchase Agreement and shall enforce, and take all steps, actions and proceedings reasonably necessary, as directed by the Authority, for the enforcement of all of the rights of the Authority and all of the obligations of the Medical Center.

(c) The Authority shall not amend, modify or terminate the Installment Purchase Agreement in any manner adverse to the interests of the Trustee without the written consent of the Trustee.

SECTION 6.07 Tax Covenants. The Authority shall at all times comply with the covenants set forth in this Section 6.07. These covenants shall survive defeasance or redemption of the Series 2018 Bonds.

(a) Special Definitions. When used in this Section, the following terms shall have the following meanings:

"Code" means the Internal Revenue Code of 1986.

"Computation Date" has the meaning set forth in section 1.148-1(b) of the Tax Regulations.

"Gross Proceeds" means any Proceeds and any replacement proceeds as defined in section 1.148-1(c) of the Tax Regulations, of the Series 2018 Bonds.

"Investment" has the meaning set forth in section 1.148-1(b) of the Tax Regulations.

"Nonpurpose Investment" means any investment property, as defined in section 148(b) of the Code, in which Gross Proceeds of the Series 2018 Bonds are invested and that is not acquired to carry out the governmental purposes of that series of Series 2018 Bonds.

“Opinion of Bond Counsel” means a written opinion of Norton Rose Fulbright US LLP or any other counsel of recognized national standing in the field of law relating to municipal bonds, appointed and paid by the Authority.

“Prior Issue” means the 2015 Bonds.

“Proceeds,” with respect to an issue of governmental obligations, has the meaning set forth in section 1.148-1(b) of the Tax Regulations (referring to sales, investment and transferred proceeds).

“Rebate Amount” has the meaning set forth in section 1.148-1(b) of the Tax Regulations.

“Tax Regulations” means the United States Treasury Regulations promulgated pursuant to sections 103 and 141 through 150 of the Code.

“Yield” of any Investment has the meaning set forth in section 1.148-5 of the Tax Regulations; and of any issue of governmental obligations has the meaning set forth in section 1.148-4 of the Tax Regulations.

(b) Exclusion of Interest from Gross Income. The Authority will take all actions necessary to establish and maintain the exclusion pursuant to section 103(a) of the Code of interest on the Series 2018 Bonds from the gross income of the Owners thereof for federal income tax purposes, and will not use, permit the use of, or omit to use Gross Proceeds of the Series 2018 Bonds or any other amounts (or any property the acquisition, construction or improvement of which is to be refinanced directly or indirectly with Gross Proceeds) in a manner that if made or omitted, respectively, would cause the interest on any Series 2018 Bond to fail to be excluded pursuant to section 103(a) of the Code from the gross income of the Owners thereof for federal income tax purposes. Without limiting the generality of the foregoing, unless and until the Trustee receives a written Opinion of Bond Counsel to the effect that failure to comply with such covenant will not adversely affect the exclusion pursuant to section 103(a) of the Code of interest on any Series 2018 Bond from the gross income of the Owner thereof, the Authority shall comply with this covenant and each of the specific covenants in this Section.

(c) Private Use and Private Payments. Except as would not cause any Series 2018 Bond to become a “private activity bond” within the meaning of section 141 of the Code and the Tax Regulations, the Authority shall take all actions necessary to assure that it, the City or the Medical Center at all times prior to the final cancellation of the last of the Series 2018 Bonds to be retired:

(i) exclusively owns, operates, possesses and provides any services necessary to allow and maintain each function of every property the acquisition, construction or improvement of which is to be financed or refinanced directly or indirectly with Gross Proceeds of the Series 2018 Bonds and not use or permit the use of such Gross Proceeds (including through any contractual arrangement with terms different than those applicable to the general public) or any property acquired, constructed or improved with such Gross Proceeds or the Gross Proceeds of the Prior Issue in any activity carried on by any person or entity (including the United States or any agency, department and instrumentality thereof) other than a state or local government, unless such use is solely as a member of the general public; and

(ii) does not directly or indirectly impose or accept any charge or other payment by or for the benefit of any Person (other than a state or local government) who is treated as using any Gross Proceeds of the Series 2018 Bonds or of the Prior Issue, or in respect of the use by any such Person of any property the acquisition, construction or improvement of which was or

is to be financed or refinanced directly or indirectly with Gross Proceeds of the Series 2018 Bonds or of the Prior Issue.

(d) No Private Loan. Except as would not cause any Series 2018 Bond to become a “private activity bond” within the meaning of section 141 of the Code and the Tax Regulations and rulings thereunder, the Authority shall not use or permit the use of Gross Proceeds of the Series 2018 Bonds to make or finance loans to any person or entity other than a state or local government. For purposes of the foregoing covenant, such Gross Proceeds are considered to be “loaned” to a person or entity if: (i) property acquired, constructed or improved with such Gross Proceeds is sold or leased to such person or entity in a transaction that creates a debt for federal income tax purposes; (ii) capacity in or service from such property is committed to such person or entity under a take-or-pay, output or similar contract or arrangement; or (iii) indirect benefits of such Gross Proceeds, or burdens and benefits of ownership of any property acquired, constructed or improved with such Gross Proceeds, are otherwise transferred in a transaction that is the economic equivalent of a loan. For purposes of this covenant, the Authority will treat any transaction constituting a loan of Gross Proceeds of the Prior Issue as resulting in a loan of Gross Proceeds of the Series 2018 Bonds.

(e) Not to Invest at Higher Yield. Except as would not cause the Series 2018 Bonds to become “arbitrage bonds” within the meaning of section 148 of the Code and the Tax Regulations and rulings thereunder, the Authority shall not (and shall not permit any person to), at any time prior to the final cancellation of the last Series 2018 Bond to be retired, directly or indirectly invest Gross Proceeds in any Investment, if as a result of such investment the Yield of any Investment acquired with Gross Proceeds, whether then held or previously disposed of, would materially exceed the Yield of the Series 2018 Bonds within the meaning of said section 148.

(f) Not Federally Guaranteed. Except to the extent permitted by section 149(b) of the Code and the Tax Regulations and rulings thereunder, the Authority shall not take or omit to take (and shall not permit any person to take or omit to take) any action that would cause any Series 2018 Bond to be “federally guaranteed” within the meaning of section 149(b) of the Code and the Tax Regulations and rulings thereunder.

(g) Information Report. The Authority shall timely file any information required by section 149(e) of the Code with respect to Series 2018 Bonds with the Secretary of the Treasury on Form 8038-G or such other form and in such place as the Secretary may prescribe.

(h) Rebate of Arbitrage Profits. Except to the extent otherwise provided in section 148(f) of the Code and the Tax Regulations:

(i) The Authority shall account for all Gross Proceeds (including all receipts, expenditures and investments thereof) on its books of account separately and apart from all other funds (and receipts, expenditures and investments thereof) and shall retain all records of accounting for at least six years after the day on which the last Series 2018 Bond is discharged. However, to the extent permitted by law, the Authority may commingle Gross Proceeds of Series 2018 Bonds with its other monies, provided that it separately accounts for each receipt and expenditure of Gross Proceeds and the obligations acquired therewith.

(ii) Not less frequently than each Computation Date, the Authority shall calculate the Rebate Amount in accordance with rules set forth in section 148(f) of the Code and the Tax Regulations and rulings thereunder. The Authority shall maintain a copy of the calculation with its official transcript of proceedings relating to the issuance of the Series 2018 Bonds until six years after the final Computation Date.

(iii) To assure the excludability pursuant to section 103(a) of the Code of the interest on the Series 2018 Bonds from the gross income of the owners thereof for federal income tax purposes, within 60 days of each Computation Date the Authority shall pay to the United States the amount that when added to the future value of previous rebate payments made for the Series 2018 Bonds equals (i) in the case of the Final Computation Date as defined in section 1.148-3(e)(2) of the Tax Regulations, one hundred percent (100%) of the Rebate Amount on such date; and (ii) in the case of any other Computation Date, ninety percent (90%) of the Rebate Amount on such date. In all cases, such rebate payments shall be made by the Authority at the times and in the amounts as are or may be required by section 148(f) of the Code and the Tax Regulations and rulings thereunder, and shall be accompanied by Form 8038-T or such other forms and information as is or may be required by section 148(f) of the Code and the Tax Regulations and rulings thereunder for execution and filing by the Authority.

(i) Not to Divert Arbitrage Profits. Except to the extent permitted by section 148 of the Code and the Tax Regulations and rulings thereunder, the Authority shall not and shall not permit any person to, at any time prior to the final cancellation of the last of the Series 2018 Bonds to be retired, enter into any transaction that reduces the amount required to be paid to the United States pursuant to paragraph (h) of this Section because such transaction results in a smaller profit or a larger loss than would have resulted if the transaction had been at arm's length and had the Yield on the Series 2018 Bonds not been relevant to either party.

(j) Series 2018 Bonds Satisfy Section 149(g). The Authority represents that neither the Prior Issue nor the Series 2018 Bonds comprises "hedge bonds" within the meaning of section 149(g) of the Code. Without limitation of the foregoing: (i) with respect to the Prior Issue, (A) the Authority believes (based upon its own investigation and upon representations made by representatives of the City familiar with the issuance of the Prior Issue) that on the date of issuance of the Prior Issue it was reasonably expected that within the three-year period commencing on such date no less than 85% of the spendable proceeds of the Prior Issue would be expended for the governmental purposes thereof and (B) the Authority reasonably believes and represents that at no time has more than 50% of the proceeds of the Prior Issue been invested in Nonpurpose Investments having a substantially guaranteed yield for a period of four years or more, and (ii) with respect to the application of Proceeds of the Series 2018 Bonds other than for refunding purposes; and (A) the Authority will not deliver the Series 2018 Bonds unless on the date of the issuance of the Series 2018 Bonds it reasonably expects that within the three-year period commencing on such date of issuance at least 85% of the spendable proceeds of the Series 2018 Bonds will be expended for the governmental purpose of the Series 2018 Bonds and (B) the Authority covenants that at no time will more than 50% of such spendable proceeds of the Series 2018 Bonds be invested in Nonpurpose Investments having a substantially guaranteed yield for a period of four years or more.

(k) Elections. The Authority hereby directs and authorizes any Authorized Representative to make elections permitted or required pursuant to the provisions of the Code or the Tax Regulations, as such Authorized Representative (after consultation with Bond Counsel) deems necessary or appropriate in connection with the Series 2018 Bonds, in the Tax Certificate or similar or other appropriate certificate, form or document.

(l) Closing Certificate. The Authority agrees to execute and deliver in connection with the issuance of the Series 2018 Bonds a *Tax Certificate as to Arbitrage and the Provisions of Sections 141-150 of the Internal Revenue Code of 1986*, or similar document containing additional representations and covenants pertaining to the exclusion of interest on the Series 2018 Bonds from the gross income of the owners thereof for federal income tax purposes (the "Tax Certificate"), which representations and covenants are incorporated as though expressly set forth herein.

SECTION 6.08 Waiver of Laws. The Authority shall not at any time insist upon or plead in any manner whatsoever, or claim or take the benefit or advantage of, any stay or extension law now or at any time hereafter in force that may affect the covenants and agreements contained in this Trust Agreement or in the Bonds, and all benefit or advantage of any such law or laws is hereby expressly waived by the Authority to the extent permitted by law.

SECTION 6.09 Further Assurances. The Authority will make, execute and deliver any and all such further indentures, trust agreements, instruments and assurances as may be reasonably necessary or proper to carry out the intention or to facilitate the performance of this Trust Agreement and for the better assuring and confirming unto the Owners of the rights and benefits provided in this Trust Agreement.

SECTION 6.10 Continuing Disclosure. Pursuant to Section 5.12 of the Installment Purchase Agreement, the City and the Medical Center have undertaken all responsibility for compliance with continuing disclosure requirements, and neither the Authority nor the Trustee shall have any liability to the Owners of the Series 2018 Bonds or any other Series of Bonds or any other person with respect to such requirements. Notwithstanding any other provision of this Trust Agreement, failure of the City, the Medical Center, or the Dissemination Agent to comply with a Continuing Disclosure Agreement delivered in connection with any Series of Bonds shall not be considered an Event of Default; however, any Owner or Beneficial Owner may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the City and/or the Medical Center to comply with its obligations under Section 5.12 of the Installment Purchase Agreement. For purposes of this Section 6.10, Beneficial Owner means any person which has or shares the power, directly or indirectly, to make investment decisions concerning ownership of any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries).

ARTICLE VII

EVENTS OF DEFAULT AND REMEDIES OF OWNERS

SECTION 7.01 Events of Default. The following events shall be Events of Default:

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

(b) default in the due and punctual payment of any installment of interest on any Bond when and as such interest installment shall become due and payable or the default in the due and punctual payment of any other amount due and owing hereunder when and as such amount shall become due and payable;

(c) default by the Authority in the observance of any of the other covenants, agreements or conditions on its part in this Trust Agreement or in the Bonds contained, if such default shall have continued for a period of sixty (60) consecutive days after written notice thereof, specifying such default and requiring the same to be remedied, shall have been given to the Authority, the City and the Medical Center by the Trustee, or to the Authority, the City, the Medical Center and the Trustee by the Owners of a majority in aggregate principal amount of a Series of Bonds at the time Outstanding;

(d) a Purchase Agreement Default; or

(e) one hundred and eighty (180) consecutive days shall have elapsed after a Determination of Taxability first occurs, unless such Determination of Taxability is cured or resolved so that interest payable on the Series 2018 Bonds again qualifies as Exempt Interest (pursuant to a determination by the Internal Revenue Service or an opinion of Bond Counsel addressed to the Authority and the Trustee) prior to the expiration of such 180-day period.

SECTION 7.02 Acceleration of Maturities. If an Event of Default shall occur, then, and in each and every such case during the continuance of such Event of Default, the Trustee may and, upon receipt of instructions from the Owners of not less than a majority in aggregate principal amount of Bonds at the time Outstanding, shall, upon notice in writing to the Authority, the Medical Center and the City, declare the principal of all of the Bonds at the time Outstanding, and the interest accrued thereon, to be due and payable immediately, and upon any such declaration the same shall become and shall be immediately due and payable, anything in this Trust Agreement or in the Bonds contained to the contrary notwithstanding.

Any such declaration, however, is subject to the condition that if, at any time after such declaration and before any judgment or decree for the payment of the moneys due shall have been obtained or entered, the Authority, the City, acting on behalf of the Medical Center, or the Medical Center, shall deposit with the Trustee a sum sufficient to pay all the principal or Redemption Price of and installments of interest on the Bonds payment of which is overdue, with interest on such overdue principal at the default rate borne by the respective Bonds, and the reasonable fees, charges and expenses of the Trustee, and any and all other Events of Default actually known to the Trustee (other than in the payment of principal of and interest on the Bonds due and payable solely by reason of such declaration) shall have been made good or cured to the satisfaction of the Trustee or provision deemed by the Trustee to be adequate shall have been made therefor, then, and in every such case, the Trustee may, if such declaration was made by the Trustee without instruction from the Owners, and the Trustee shall, only upon receipt of written notice by the Owners of not less than a majority in aggregate principal amount of the Bonds at the time Outstanding, which written notice shall also be delivered to the Authority, the City and the Medical Center, on behalf of the Owners of all of the Bonds, rescind and annul such declaration and its consequences and waive such Event(s) of Default; but no such rescission and annulment shall extend to or shall affect any subsequent Event of Default, or shall impair or exhaust any right or power consequent thereon.

SECTION 7.03 Adjustment of Interest Rate. Upon an Event of Default, the interest rate on the Series 2018 Bonds shall be increased by 5.0% per annum (unless and until such Event of Default is cured or is waived by a majority of the Owners of the Bonds Outstanding).

SECTION 7.04 Application of Revenues and Other Funds After Default. If an Event of Default shall occur and be continuing, all Revenues and any other funds then held or thereafter received by the Trustee under any of the provisions of this Trust Agreement (subject to Section 11.10) shall be applied by the Trustee as follows and in the following order:

(a) To the payment of any expenses necessary in the opinion of the Trustee to protect the interests of the Owners hereunder and payment of reasonable fees, charges and expenses of the Trustee (including reasonable fees and disbursements of its counsel) incurred in and about the performance of its powers and duties under this Trust Agreement.

(b) To the payment of the principal or Redemption Price of and interest then due on the Bonds (upon presentation of the Bonds to be paid, and stamping thereon of the payment if only partially paid, or surrender thereof if fully paid) subject to the provisions of this Trust Agreement (including Section 6.02), as follows:

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

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

Second: To the payment to the persons entitled thereto of the unpaid principal or Redemption Price of any Bonds which shall have become due, whether at maturity or by call for redemption, in the order of their due dates, with interest on the overdue principal at the rate borne by the respective Bonds, and, if the amount available shall not be sufficient to pay in full all the Bonds due on any date, together with such interest, then to the payment thereof ratably, according to the amounts of principal or Redemption Price due on such date to the persons entitled thereto, without any discrimination or preference.

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

SECTION 7.05 Trustee to Represent Owners. The Trustee is hereby irrevocably appointed (and the successive respective Owners by taking and holding the same, shall be conclusively deemed to have so appointed the Trustee) as trustee and true and lawful attorney-in-fact of the Owners for the purpose of exercising and prosecuting on their behalf such rights and remedies as may be available to such Owners under the provisions of the Bonds, this Trust Agreement, the Installment Purchase Agreement, the Act and applicable provisions of any other law. Upon the occurrence and continuance of an Event of Default or other occasion giving rise to a right in the Trustee to represent the Owners, the Trustee in its discretion may, and upon the written request of the Owners of not less than a majority in aggregate principal amount of Bonds at the time Outstanding, and upon being indemnified to its satisfaction therefor (excluding any indemnity for gross negligence or willful misconduct), shall, proceed to protect or enforce its rights or the rights of such Owners by such appropriate action, suit, mandamus or other proceedings as it shall deem most effectual to protect and enforce any such right, at law or in equity, either for the specific performance of any covenant or agreement contained herein, or in aid of the execution of any power herein granted, or for the enforcement of any other appropriate legal or equitable right or remedy vested in the Trustee or in such Owners under this Trust Agreement, the Installment Purchase Agreement, the Act or any other law; and upon instituting such proceeding, the Trustee shall be entitled, as a matter of right, to the appointment of a receiver of the Revenues and other assets pledged under this Trust Agreement and the Installment Purchase Agreement, including Gross Revenues, pending such proceedings. All rights of action under this Trust Agreement, the Installment Purchase Agreement or the Bonds or otherwise may be prosecuted and enforced by the Trustee without the possession of any of the Bonds or the production thereof in any proceeding relating thereto, and any such suit, action or proceeding instituted by the Trustee shall be brought in the name of the Trustee for the benefit and protection of all the Owners of such Bonds, subject to the

provisions of this Trust Agreement (including Section 6.02). The Trustee also acknowledges the provisions with respect to the Gross Revenue Fund under Section 4.03(a) of the Installment Purchase Agreement.

SECTION 7.06 Owners' Direction of Proceedings. No Owner shall have the right to institute any suit, action or proceeding at law or in equity, for any remedy under or upon this Trust Agreement, unless (a) such Owner shall have previously given to the Trustee written notice of the occurrence of an Event of Default; (b) the Owners of not less than a majority in aggregate principal amount of Bonds at the time Outstanding shall have made written request upon the Trustee to exercise the powers hereinbefore granted or to institute such action, suit or proceeding in its own name; (c) such Owners shall have tendered to the Trustee indemnity reasonably acceptable to the Trustee (excluding any indemnity for gross negligence or willful misconduct), against the costs, expenses and liabilities to be incurred in compliance with such request; and (d) the Trustee shall have refused or omitted to comply with such request for a period of thirty (30) days after such written request shall have been received by, and said tender of indemnity shall have been made to, the Trustee.

Such notification, request, tender of indemnity and refusal or omission are hereby declared, in every case, to be conditions precedent to the exercise by any Owner of any remedy hereunder; it being understood and intended that no one or more Owners shall have any right in any manner whatever by his or their action to enforce any right under this Trust Agreement, except in the manner herein provided, and that all proceedings at law or in equity to enforce any provision of this Trust Agreement shall be instituted, had and maintained in the manner herein provided and for the equal benefit of all Owners.

The right of any Owner to receive payment of the principal of and interest and premium, if any, on such Bond as herein provided or to institute suit for the enforcement of any such payment, shall not be impaired or affected without the written consent of such Owner, notwithstanding the foregoing provisions of this Section or any other provision of this Trust Agreement.

SECTION 7.07 Absolute Obligation of Authority. Nothing in any provision of this Trust Agreement, or in the Bonds, contained shall affect or impair the obligation of the Authority, which is absolute and unconditional, to pay the principal or Redemption Price of and interest on the Bonds to the respective Owners at their respective dates of maturity, or upon call for redemption, as herein provided, but only out of the Revenues and other assets herein pledged therefor, or affect or impair the right of such Owners, which is also absolute and unconditional, to enforce such payment by virtue of the contract embodied in the Bonds.

SECTION 7.08 Termination of Proceedings. In case any proceedings taken by the Trustee or any one or more Owners on account of any Event of Default shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Trustee or the Owners, then in every such case the Authority, the Trustee and the Owners, subject to any determination in such proceedings, shall be restored to their former positions and rights hereunder, severally and respectively, and all rights, remedies, powers and duties of the Authority, the Trustee and the Owners shall continue as though no such proceedings had been taken.

SECTION 7.09 Remedies Not Exclusive. No remedy herein conferred upon or reserved to the Trustee or to the Owners is intended to be exclusive of any other remedy or remedies, and each and every such remedy, to the extent permitted by law, shall be cumulative and in addition to any other remedy given hereunder or now or hereafter existing at law or in equity or otherwise.

SECTION 7.10 No Waiver of Default. No delay or omission of the Trustee or of any Owner of the Bonds to exercise any right or power arising upon the occurrence of any default shall impair any such right or power or shall be construed to be a waiver of any such default or an acquiescence therein;

and every power and remedy given by this Trust Agreement to the Trustee or to the Owners may be exercised from time to time and as often as may be deemed expedient.

ARTICLE VIII

THE TRUSTEE

SECTION 8.01 Duties, Immunities and Liabilities of Trustee.

(a) The Trustee shall, prior to an Event of Default, and after the curing or waiver of all Events of Default which may have occurred, perform such duties and only such duties as are specifically set forth in this Trust Agreement. The Trustee shall, during the existence of any Event of Default (which has not been cured or waived), exercise such of the rights and powers vested in it by this Trust Agreement, and use the same degree of care and skill in their exercise, as a prudent person would exercise or use under the circumstances in the conduct of his or her own affairs.

(b) The Authority may, and upon the written request of the Medical Center, shall, remove the Trustee at any time unless an Event of Default shall have occurred that has not been cured or waived, and, the Authority shall remove the Trustee if at any time requested to do so by an instrument or concurrent instruments in writing signed by the Owners of not less than a majority in aggregate principal amount of Bonds at the time Outstanding or if at any time the Trustee shall cease to be eligible in accordance with subsection (e) of this Section 8.01, or shall become incapable of acting, or shall be adjudged a bankrupt or insolvent, or a receiver of the Trustee or its property shall be appointed, or any public officer shall take control or charge of the Trustee or of its property or affairs for the purpose of rehabilitation, conservation or liquidation, in each case by giving written notice of such removal to the Trustee, and thereupon shall appoint a successor Trustee by an instrument in writing.

(c) The Trustee may at any time resign by giving written notice of such resignation to the Authority and by giving the Owners notice of such resignation by mail at the addresses shown on the registration books maintained by the Trustee. Upon receiving such notice of resignation, the Authority shall promptly appoint a successor Trustee by an instrument in writing. The Trustee shall not be relieved of its duties until such successor Trustee has accepted appointment.

(d) Any removal or resignation of the Trustee and appointment of a successor Trustee shall become effective upon acceptance of appointment by the successor Trustee. If no successor Trustee shall have been appointed and have accepted appointment within thirty (30) days of giving notice of removal or notice of resignation as aforesaid, the resigning Trustee or any Owner (on behalf of himself and all other Owners) may petition any court of competent jurisdiction for the appointment of a successor Trustee, and such court may thereupon, after such notice (if any) as it may deem proper, appoint such successor Trustee. Any successor Trustee appointed under this Trust Agreement, shall signify its acceptance of such appointment by executing and delivering to the Authority and to its predecessor Trustee a written acceptance thereof, and thereupon such successor Trustee, without any further act, deed or conveyance, shall become vested with all the moneys, estates, properties, rights, powers, trusts, duties and obligations of such predecessor Trustee, with like effect as if originally named Trustee herein; but, nevertheless at the Request of the Authority or the request of the successor Trustee, such predecessor Trustee shall execute and deliver any and all instruments of conveyance or further assurance and do such other things as may reasonably be required for more fully and certainly vesting in and confirming to such successor Trustee all the right, title and interest of such predecessor Trustee in and to any property held by it under this Trust Agreement and shall pay over, transfer, assign and deliver to the successor Trustee any money or other property subject to the trusts and conditions herein set forth. Upon request of the successor Trustee, the Authority shall execute and deliver any and all instruments as may be reasonably required for more fully

and certainly vesting in and confirming to such successor Trustee all such moneys, estates, properties, rights, powers, trusts, duties and obligations. Upon acceptance of appointment by a successor Trustee as provided in this subsection, the Authority shall mail a notice of the succession of such Trustee to the trusts hereunder to each rating agency which is then rating the Bonds and to the Owners at the addresses shown on the registration books maintained by the Trustee. If the Authority fails to mail such notice within fifteen (15) days after acceptance of appointment by the successor Trustee, the successor Trustee shall cause such notice to be mailed at the expense of the Authority.

(e) Any Trustee appointed under the provisions of this Section 8.01 in succession to the Trustee shall be a trust company, banking corporation, national banking association or bank having trust powers, having a combined capital and surplus (or the parent holding company of which has a combined capital and surplus) of at least seventy five million dollars (\$75,000,000), and subject to supervision or examination by federal or state authority. If such corporation, 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 purpose of this subsection the combined capital and surplus of such corporation, bank or trust (or holding) company shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. In case at any time the Trustee shall cease to be eligible in accordance with the provisions of this subsection (e), the Trustee shall resign immediately in the manner and with the effect specified in this Section 8.01.

SECTION 8.02 Merger or Consolidation. Any company into which the Trustee may be merged or convened or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it shall be a party or any company to which the Trustee may sell or transfer all or substantially all of its corporate trust business, provided such company shall be eligible under subsection (e) of Section 8.01, shall be the successor to such Trustee without the execution or filing of any paper or any further act, anything herein to the contrary notwithstanding.

SECTION 8.03 Liability of Trustee.

(a) The recitals of facts herein and in the Bonds contained shall be taken as statements of the Authority, and the Trustee shall assume no responsibility for the correctness of the same, or make any representations as to the legality, validity or sufficiency of this Trust Agreement or of the Bonds or the Installment Purchase Agreement, any amendment to any said documents, or insuring any Medical Center Project or collecting any insurance proceeds, nor shall it incur any responsibility in respect thereof. Except as required by the provisions of this Trust Agreement, the Trustee shall not incur any responsibility or duty with respect to the delivery of the Bonds for value or the application of any proceeds thereof or any Revenues. The Trustee shall, however, be responsible for its representations contained in its certificate of authentication on the Bonds. The Trustee shall not be liable in connection with the performance of its duties hereunder, except for its own negligence or willful misconduct. The Trustee may become the owner of Bonds with the same rights it would have if it were not Trustee and, to the extent permitted by law, may act as depository for and permit any of its officers or directors to act as a member of, or in any other capacity with respect to, any committee formed to protect the rights of Owners, whether or not such committee shall represent the Owners of a majority in principal amount of the Bonds then Outstanding.

(b) The Trustee shall not be liable for any error of judgment made in good faith by a responsible officer, unless it shall be proved that the Trustee was negligent in ascertaining the pertinent facts. Permissive rights of the Trustee shall not be construed as duties.

(c) The Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the Owners authorized hereunder relating to

the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee under this Trust Agreement.

(d) The Trustee shall be under no obligation to exercise any of the rights or powers vested in it by this Trust Agreement or the Installment Purchase Agreement at the request, order or direction of any of the Owners pursuant to the provisions of this Trust Agreement unless such Owners shall have offered to the Trustee security or indemnity reasonably satisfactory to it (excluding any indemnity for gross negligence or willful misconduct), against the fees, costs, expenses and liabilities (including reasonable attorneys' fees) which may be incurred therein or thereby. The Trustee has no obligation or liability to the Owners for the payment of principal of, Redemption Price or interest on the Bonds from its own funds; but rather the Trustee's obligations shall be limited to the performance of its duties hereunder.

(e) The Trustee shall not be liable for any action taken by it in good faith and believed by it to be authorized or within the discretion or rights or powers conferred upon it by this Trust Agreement unless it shall be proved that the Trustee was negligent in so acting.

(f) Whether or not therein expressly so provided, every provision of this Trust Agreement, the Installment Purchase Agreement, or other documents relating to the issuance of the Bonds, relating to the conduct or affecting the liability of or affording protection to the Trustee, shall be subject to the provisions of this Article.

(g) Subject to the other provisions of this Section 8.03 and the provisions of Sections 8.01 and 8.04 hereof, the Trustee shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, requisition, opinion, report, notice, request, direction, consent, order, bond, debenture, coupon or other paper or document, but the Trustee, in its discretion, may make such further investigation or inquiry into such facts or matters as it may deem fit, and, if the Trustee shall determine to make such further inquiry or investigation, the Authority shall assure that the Trustee shall be entitled to examine the books, records and premises of the Medical Center, personally or by agent or attorney.

(h) The Trustee shall not be deemed to have knowledge of any Event of Default or any Purchase Agreement Default, except pursuant to Sections 7.01(a), (b) or (c) or Section 8.01(a) of the Installment Purchase Agreement, unless and until it shall have actual knowledge thereof, or shall have received written notice thereof, at its Principal Corporate Trust Office; as used herein, the term actual knowledge means the actual fact or statement of knowing, without any duty to make any investigation with regard thereto. Except as otherwise expressly provided herein, the Trustee shall not be bound to ascertain or inquire as to the performance or observance of any of the terms, conditions, covenants or agreements herein or of any of the documents executed in connection with the Bonds, or as to the existence of a default thereunder.

(i) The Trustee may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents, co-trustees or attorneys and shall not be liable for the same if selected with due care.

(j) The Trustee shall have no duty to review any financial statements furnished to it by the Medical Center.

(k) The Trustee shall have no responsibility, opinion, liability or duty with respect to any information, statement or recital in any official statement, offering memorandum or any other disclosure material prepared or distributed with respect to the Bonds.

(l) If the Trustee acts on any communication (including, but not limited to, communication with respect to the delivery of securities or the wire transfer of funds) sent by electronic transmission (any such communication, a “Specified Communication”), the Trustee, absent negligence or willful misconduct, will not be responsible or liable in the event such Specified Communication is not an authorized or authentic communication of the party involved or is not in the form the party involved sent or intended to send (whether due to fraud, distortion or otherwise), in each case, so long as the Trustee maintains, at all times during the term of this Trust Agreement, policies and procedures regarding the collection, access, use, storage, disposal and disclosure of confidential information which are designed to comply with all federal, state and foreign privacy and data protection laws applicable to the Trustee (collectively, the “Data Security Procedures”). The Trustee will not be liable for any losses, costs or expenses arising directly or indirectly from the Trustee’s reliance upon and compliance with such Specified Communication notwithstanding such Specified Communication conflicts or is inconsistent with a subsequent written instruction, in each case, so long as the Trustee (x) maintains, at all times during the term of this Trust Agreement, the Data Security Procedures, and (y) uses commercially reasonable efforts in order to verify such conflicting subsequent written instructions with an authorized officer of the party providing such Specified Communication. The Authority, the City and the Medical Center each agrees to assume all risks arising out of the use of such electronic transmission to submit instructions and directions on behalf of the Authority, the City or the Medical Center, respectively, to the Trustee, including without limitation the risk of the Trustee acting on unauthorized instructions, and the risk of interception and misuse by third parties, in each case, so long as (i) the Trustee maintains, at all times during the term of this Trust Agreement, the Data Security Procedures, and (ii) to the extent required by applicable law or internal policy the Trustee promptly notifies the Authority, the City and the Medical Center of the occurrence of any of the following (x) any act or omission that compromises either the security, confidentiality or integrity of confidential information of the Authority, the City or the Medical Center (including its communications to the Trustee with respect to the delivery of securities or the wire transfer of funds) or the physical, technical, administrative or organizational safeguards put in place by the Trustee that relate to the protection of the security, confidentiality or integrity of such confidential information, or (y) receipt of a complaint in relation to the privacy practices of the Trustee or a breach or alleged breach of the Data Security Procedures.

(m) The Trustee shall not be considered in breach of or in default in its obligations hereunder and will not incur any liability for not performing any act or fulfilling any duty or responsibility hereunder in the event of enforced delay (“unavoidable delay”) in the performance of such obligations due to unforeseeable causes beyond its control and without its fault or negligence, including, but not limited to, present or future law or regulation or governmental authority, natural catastrophes, civil or military disturbances, loss or malfunctions of utilities, any act of God or war, terrorism or the unavailability of the Federal Reserve Bank or other wire or communication facility, acts of a government, acts of the other party, fires, floods, epidemics, quarantine restrictions, strikes, freight embargoes, earthquakes, explosion, mob violence, riot, inability to procure or general sabotage or rationing of labor, equipment, facilities, sources of energy, material or supplies in the open market, litigation or arbitration involving a party or others relating to zoning or other governmental action or inaction pertaining to the Project, malicious mischief, condemnation, and unusually severe weather or delays of suppliers or subcontractors due to such causes.

SECTION 8.04 Right of Trustee to Rely on Documents. The Trustee shall be protected in acting upon any notice, resolution, request, consent, order, certificate, report, opinion, facsimile, bond, statement, requisition or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties. Before the Trustee acts or refrains from acting, it may consult with counsel, who may be counsel of or to the Authority, 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 the trusts imposed upon it by this Trust Agreement the Trustee shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) may be deemed to be conclusively proved and established by a Certificate of the Authority, and such Certificate shall be full warrant to the Trustee for any action taken or suffered in good faith under the provisions of this Trust Agreement in reliance upon such Certificate, but in its discretion the Trustee may, in lieu thereof, accept other evidence of such matter or may require such additional evidence as to it. may deem reasonable.

SECTION 8.05 Preservation and Inspection of Documents. All documents received by the Trustee under the provisions of this Trust Agreement shall be retained in its possession subject to its record retention policy and shall be subject at all reasonable times to the inspection of the Authority, the City, the Medical Center and any Owner, and their agents and representatives duly authorized in writing, at reasonable hours and under reasonable conditions.

SECTION 8.06 Compensation and Indemnification. The Authority shall pay to the Trustee (solely from Supplemental Payments provided for in Section 4.02(b) of the Installment Purchase Agreement) from time to time such compensation for all services rendered under this Trust Agreement as shall be agreed to in writing by the Medical Center and the Trustee (which compensation shall not be limited by any provision of law in regard to the compensation of a trustee of an express trust), and also all reasonable expenses, charges, legal and consulting fees and other disbursements and advances and those of the Trustee's attorneys, agents and employees, incurred in and about the performance of its powers and duties under this Trust Agreement.

When the Trustee incurs expenses or renders services after an Event of Default specified in Section 7.01(e) occurs, the expenses and the compensation for services (including the fees and expenses of its agent and counsel) are intended to constitute expenses of administration under applicable bankruptcy law.

No provision of this Trust Agreement shall require the Trustee 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 its rights or powers.

ARTICLE IX

MODIFICATION OR AMENDMENT OF THE TRUST AGREEMENT

SECTION 9.01 Amendments Permitted.

(a) This Trust Agreement and the rights and obligations of the Authority and of the Owners and of the Trustee may be modified or amended from time to time and at any time by a Supplemental Trust Agreement, which the Authority and the Trustee may enter into when the written consent of the Owners of no less than a majority in aggregate principal amount of the Bonds at the time Outstanding shall have been filed with the Trustee; provided that if such modification, or amendment will, by its terms, not take effect so long as any Bonds of any particular Series or maturity remain Outstanding, the consent of the Owners of such Bonds shall not be required and such Bonds shall not be deemed to be Outstanding for the purpose of any calculation of Bonds Outstanding under this Section 9.01. No such modification or amendment shall (1) extend the fixed maturity of any Bond, or reduce the amount of principal thereof, or extend the time of payment or reduce the amount of any Mandatory Sinking Account Payment provided in this Trust Agreement for the payment of any Bond, or reduce the rate of interest thereon, modify terms of redemption or extend the time of payment of interest thereon, or reduce any

premium payable upon the redemption thereof, without the consent of the Owner of each Bond so affected, or (2) reduce the aforesaid percentage of Bonds the consent of the Owners of which is required to effect any such modification or amendment, or permit the creation of any lien on the Revenues and other assets pledged under this Trust Agreement prior to or on a parity with the lien created by this Trust Agreement, or deprive the Owners of the lien created by this Trust Agreement on such Revenues and other assets (except as expressly provided in this Trust Agreement and the Installment Purchase Agreement), without the consent of all the Owners of all of the Bonds at the time Outstanding. It shall not be necessary for the consent of the Owners to approve the particular form of any Supplemental Trust Agreement, but it shall be sufficient if such consent shall approve the substance thereof. Promptly after the execution by the Authority and the Trustee of any Supplemental Trust Agreement pursuant to this subsection (a), the Trustee shall mail a notice, setting forth in general terms the substance of such Supplemental Trust Agreement, to the Owners at the addresses shown on the bond registration books maintained by the Trustee. Any failure to give such notice, or any defect therein, shall not, however, in any way impair or affect the validity of any such Supplemental Trust Agreement.

(b) This Trust Agreement and the rights and obligations of the Authority, of the Trustee and of the Owners may also be modified or amended from time to time and at any time by a Supplemental Trust Agreement, which the Authority and the Trustee may enter into without the consent of any Owners, but only with the consent of the City and the Medical Center, including, without limitation, for any one or more of the following purposes:

(i) to add to the covenants and agreements of the Authority in this Trust Agreement contained other covenants and agreements thereafter to be observed, to pledge or assign additional security for the Bonds (or any portion thereof), or to surrender any right or power herein reserved to or conferred upon the Authority;

(ii) to make such provisions for the purpose of curing any ambiguity, inconsistency or omission, or of curing or correcting any defective provision, contained in this Trust Agreement, or in regard to matters or questions arising under this Trust Agreement, as the Authority may deem necessary or desirable and not inconsistent with this Trust Agreement; provided, under any circumstances that such modifications or amendments shall not materially adversely affect the interests of the Owners in the reasonable judgment of the Authority;

(iii) to make such additions, deletions or modifications as may be necessary to assure compliance with section 145 or 148 of the Code, or otherwise to assure the exclusion from gross income under federal tax law of interest on the Bonds;

(iv) to modify, amend or supplement this Trust Agreement in such manner as to permit the qualification hereof under the Trust Indenture Act of 1939, as amended, or any similar federal statute hereafter in effect, and to add such other terms, conditions and provisions as may be permitted by said act or similar federal statute;

(v) for any other purpose that does not materially adversely affect the interests of the Owners; or

(vi) to provide for the issuance of any Additional Bonds and to provide for the terms of such Additional Bonds, subject to the conditions and upon compliance with Article III and the procedures set forth therein (which amendments shall be deemed not to adversely affect Owners).

The Trustee shall give notice of any such modification or amendment to the Owners of all Bonds then Outstanding at the addresses shown on the registration books maintained by the Trustee provided the Trustee shall incur no liability for failure to do so.

(c) The Trustee may in its discretion, but shall not be obligated to, enter into any such Supplemental Trust Agreement authorized by subsections (a) or (b) of this Section 9.01 which adversely affects the Trustee's own rights, duties or immunities under this Trust Agreement or otherwise.

(d) Prior to entering into any Supplemental Trust Agreement, the Trustee may require the Authority to file with it an Opinion of Bond Counsel to the effect that the execution and delivery of such Supplemental Trust Agreement by the Trustee and the Authority (i) is in compliance with the terms and conditions hereof and (ii) will not cause interest on any Bonds Outstanding to become includable in gross income for federal income tax purposes.

SECTION 9.02 Effect of Supplemental Trust Agreement. Upon the execution of any Supplemental Trust Agreement pursuant to this Article, this Trust Agreement shall be deemed to be modified and amended in accordance therewith, and the respective rights, duties and obligations under this Trust Agreement of the Authority, the Trustee and all Owners of Bonds Outstanding and the other parties granted rights hereunder shall thereafter be determined, exercised and enforced hereunder subject in all respects to such modification and amendment, and all the terms and conditions of any such Supplemental Trust Agreement shall be deemed to be part of the terms and conditions of this Trust Agreement for any and all purposes.

SECTION 9.03 Endorsement of Bonds; Preparation of New Bonds. Bonds delivered after the execution of any Supplemental Trust Agreement pursuant to this Article may bear a notation by endorsement or otherwise in form approved by the Authority and the Trustee as to any modification or amendment provided for in such Supplemental Trust Agreement, and, in that case, upon demand of the Owner of any Bond Outstanding at the time of such execution and presentation of his Bond for the purpose at the Principal Corporate Trust Office or at such additional offices as the Trustee may select and designate for that purpose, a suitable notation shall be made on such Bond. If the Supplemental Trust Agreement shall so provide, new Bonds so modified as to conform, in the opinion of the Authority and the Trustee, to any modification or amendment contained in such Supplemental Trust Agreement, shall be prepared and executed by the Authority and authenticated by the Trustee, and upon demand of the Owners of any Bonds then Outstanding shall be exchanged at the Principal Corporate Trust Office, without cost to any Owner, for Bonds then Outstanding, upon surrender for cancellation of such Bonds, in equal aggregate principal amounts of the same maturity.

SECTION 9.04 Amendment of Particular Bonds. The provisions of this Article shall not prevent any Owner from accepting any amendment as to the particular Bonds held by him, provided that due notation thereof is made on such Bonds.

ARTICLE X

DEFEASANCE

SECTION 10.01 Discharge of Trust Agreement. Bonds may be paid by the Authority in any of the following ways; provided that the Authority also pays or causes to be paid any other sums payable hereunder by the Authority and related to the Bonds:

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

(b) by depositing with the Trustee, in trust, at or before maturity, moneys or securities in the necessary amount (as provided in Section 10.03) to pay or redeem all Bonds then Outstanding; or.

(c) by delivering to the Trustee, for cancellation by it, all Bonds then Outstanding.

If the Authority shall (i) pay all Bonds then Outstanding (ii) pay or cause to be paid all other sums payable hereunder by the Authority, and (iii) receive an opinion of Bond Counsel acceptable in form and substance to the Authority, and addressed to the Authority and the Trustee, to the effect that the Bonds are no longer Outstanding hereunder then and in that case, at the election of the Authority (evidenced by a Certificate of the Authority, filed with the Trustee, signifying the intention of the Authority to discharge all such indebtedness and this Trust Agreement), and notwithstanding that any Bonds shall not have been surrendered for payment, this Trust Agreement and the pledge of Revenues and other assets made under this Trust Agreement and all covenants, agreements and other obligations of the Authority under this Trust Agreement shall cease, terminate, become void and be completely discharged and satisfied, except only as provided in Section 10.02 and 8.06.

In such event, upon Request of the Authority, the Trustee shall cause an accounting for such period or periods as may be requested by the Authority to be prepared and filed with the Authority and shall execute and deliver to the Authority' all such instruments as may be necessary or desirable to evidence such discharge and satisfaction, and the Trustee shall pay over, transfer, assign or deliver to the Medical Center all moneys or securities or other property held by it pursuant to this Trust Agreement (other than amounts held in the Rebate Fund) which are not required for the payment or redemption of Bonds not theretofore surrendered for such payment or redemption or for the payment of any fees or expenses owing to the Trustee or the Authority.

SECTION 10.02 Discharge of Liability on Bonds. Upon the deposit with the Trustee, in trust, at or before maturity, of money or securities in the necessary amount (as provided in Section 10.03) 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 Article IV provided or provision satisfactory to the Trustee shall have been made for the giving of such notice, then all liability of the Authority in respect of such Bond shall cease, terminate and be completely discharged, except only that thereafter the Owner thereof shall be entitled to payment of the principal of, redemption premium, if any, and interest on such Bond by the Authority and the Authority shall remain liable for such payment, but only out of such money or securities deposited with the Trustee as aforesaid for their payment, provided further, however, that the provisions of Section 10.04 shall apply in all events.

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

SECTION 10.03 Deposit of Money or Securities with Trustee. Whenever in this Trust Agreement it is provided or permitted that there be deposited with or held in trust by the Trustee money or securities in the necessary amount to pay or redeem any Bonds, the money or securities to be deposited or held may include money or securities held by the Trustee in the funds and accounts established pursuant to this Trust Agreement (exclusive of the Rebate Fund) and shall be:

(a) 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 Article IV provided or provision satisfactory to the Trustee shall have been made for the giving

of such notice, the amount to be deposited or held shall be the principal amount or Redemption Price of such Bonds and all unpaid interest thereon to the redemption date; or

(b) Defeasance Securities, the principal of and interest on which, together with any cash deposited, when due will provide money sufficient, as verified by an Independent Certified Public Accountant in a written report acceptable in form and substance to the Authority, 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 Article IV provided or provision satisfactory to the Trustee shall have been made for the giving of such notice;

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

SECTION 10.04 Payment of Bonds After Discharge of Trust Agreement. Notwithstanding any provisions of this Trust Agreement, any moneys held by the Trustee in trust for the payment of the principal or Redemption Price of, or interest on, any Bonds and remaining unclaimed for two years 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 Trust Agreement), if such moneys were so held at such date, or two years after the date of deposit of such moneys if deposited after said date when all of the Bonds became due and payable, shall be repaid to the Authority free from the trusts created by this Trust Agreement, and all liability of the Trustee with respect to such moneys shall thereupon cease; provided, however, that before the repayment of such moneys to the Authority as aforesaid, the Trustee, as the case may be, may (upon the request of and at the cost of the Authority, which request must be received within 30 days after any maturity, call for redemption or acceleration, as provided in this Trust Agreement) first mail to the Owners of all Bonds which have not been paid at the addresses shown on the registration books maintained by the Trustee a notice, in such form as may be deemed appropriate by the Trustee, with respect to the Bonds so payable and not presented and with respect to the provisions relating to the repayment to the Authority of the moneys held for the payment thereof. All moneys held by or on behalf of the Trustee for the payment of principal of, Redemption Price or interest on Bonds, whether at redemption, acceleration or maturity, shall be held in trust for the account of the Owners thereof and the Trustee shall not be required to pay Owners, the Authority or the Medical Center any interest on, or be liable to owners or any other person for any interest earned on, moneys so held.

ARTICLE XI

MISCELLANEOUS

SECTION 11.01 Liability of Authority Limited to Revenues. Notwithstanding anything in this Trust Agreement or in the Bonds contained, the Authority shall not be required to advance any moneys derived from any source other than the Revenues and other assets pledged under this Trust Agreement for any of the purposes in this Trust Agreement mentioned, whether for the payment of the principal or Redemption Price of or interest on the Bonds or for any other purpose of this Trust Agreement. Nevertheless, the Authority may, but shall not be required to, advance for any of the purposes hereof any funds of the Authority which may be made available to it for such purposes.

SECTION 11.02 Successor Is Deemed Included in All References to Predecessor. Whenever in this Trust Agreement either the Authority or the Trustee is named or referred to, such reference shall be deemed to include the successors or assigns thereof, and all the covenants and agreements in this

Trust Agreement contained by or on behalf of the Authority or the Trustee shall bind and inure to the benefit of the respective successors and assigns thereof whether so expressed or not.

SECTION 11.03 Limitation of Rights to Parties, the City, the Medical Center and the Owners. Nothing in this Trust Agreement or in the Bonds expressed or implied is intended or shall be construed to give to any person other than the Authority, the Trustee, the City, the Medical Center and the Owners, any legal or equitable right, remedy or claim under or in respect of this Trust Agreement or any covenant, condition or provision therein or herein contained; and all such covenants, conditions and provisions are and shall be held to be for the sole and exclusive benefit of the Authority, the Trustee, the City, the Medical Center and the Owners.

SECTION 11.04 Waiver of Notice. Whenever in this Trust Agreement the giving of notice by mail or otherwise is required, the giving of such notice may be waived in writing by the person entitled to receive such notice and in any such case the giving or receipt of such notice shall not be a condition precedent to the validity of any action taken in reliance upon such waiver.

SECTION 11.05 Destruction of Bonds. Whenever in this Trust Agreement provision is made for the cancellation by the Trustee and the delivery to the Authority of any Bonds, the Trustee shall in lieu of such cancellation and delivery, destroy such Bonds, and deliver a certificate of such destruction to the Authority.

SECTION 11.06 Severability of Invalid Provisions. If any one or more of the provisions contained in this Trust Agreement or in the Bonds shall for any reason be held to be invalid, illegal or unenforceable in any respect, then such provision or provisions shall be deemed severable from the remaining provisions contained in this Trust Agreement and such invalidity, illegality or unenforceability shall not affect any other provision of this Trust Agreement, and this Trust Agreement shall be construed as if such invalid or illegal or unenforceable provision had never been contained herein. The Authority hereby declares that it would have entered into this Trust Agreement and each and every other Section, paragraph, sentence, clause or phrase hereof and authorized the issuance of the Bonds pursuant thereto irrespective of the fact that any one or more Sections, paragraphs, sentences, clauses or phrases of this Trust Agreement may be held illegal, invalid or unenforceable.

SECTION 11.07 Notices. Any notice to or demand upon the Trustee may be served or presented, and such demand may be made, at the Principal Corporate Trust Office, or at such other address as may have been filed in writing by the Trustee with the Authority. Any notice to or demand upon the Authority, the City, the Medical Center shall be deemed to have been sufficiently given or served for all purposes by Electronic Notice or by being deposited, postage prepaid, in a post office letter box, addressed, as the case may be as follows:

If to the Authority:	El Centro Financing Authority 1275 Main Street El Centro, California 92243 Attention: Executive Director Telephone: (760) 337-4540

If to the City:	City of El Centro 1275 Main Street El Centro, California 92243 Attention: City Manager Telephone: (760) 337-4540

If to the Trustee:	MUFG Union Bank

445 S. Figueroa Street, Suite 401
 Los Angeles, California 90071
 Attention: Corporate Trust Services
 Facsimile: (213) 972-5694
 Email: CashControlGroup-LosAngeles@unionbank.com

If to the Medical Center: El Centro Regional Medical Center
 1415 Ross Avenue
 El Centro, California 92243
 Attention: Chief Financial Officer
 (760) 370-3774
 Email: william.vannoy@ecrmc.org

SECTION 11.08 Evidence of Rights of Owners. Any request, consent or other instrument required or permitted by this Trust Agreement to be signed and executed by Owners may be in any number of concurrent instruments of substantially similar tenor and shall be signed or executed by such Owners in person or by an agent or agents duly appointed in writing. Proof of the execution of any such request, consent or other instrument or of a writing appointing any such agent, or of the holding by any person of Bonds transferable by delivery, shall be sufficient for any purpose of this Trust Agreement and shall be conclusive in favor of the Trustee and of the Authority if made in the manner provided in this Section 11.08.

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

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

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

SECTION 11.09 Disqualified Bonds. In determining whether the Owners of the requisite aggregate principal amount of Bonds have concurred in any demand, request, direction, consent or waiver under this Trust Agreement, Bonds which are owned or held on the registration books of the Trustee by or for the account of the Authority, the City or the Medical Center, or by any other obligor on the Bonds, or by any person directly or indirectly controlling or controlled by, or under direct or indirect common control with, the Authority, the City or the Medical Center or any other obligor on the Bonds, shall be disregarded and deemed not to be Outstanding for the purpose of any such determination. Bonds so owned which have been pledged in good faith may be regarded as Outstanding for the purposes of this Section 11.09 if the pledgee shall establish to the satisfaction of the Trustee the pledgee's right to vote such Bonds and that the pledgee is not a person directly or indirectly controlling or controlled by, or under direct or indirect common control with, the Authority, the City or the Medical Center or any other obligor on the Bonds. In case of a dispute as to such right, any decision by the Trustee taken upon the advice of counsel shall be full protection to the Trustee. Upon request of the Trustee, the Authority and the Medical Center, acting on behalf of itself and the City, shall specify to the Trustee those Bonds disqualified pursuant to this Section 11.09.

SECTION 11.10 Money Held for Particular Bonds. The money held by the Trustee for the payment of the interest, principal or Redemption Price due on any date with respect to particular Bonds (or portions of Bonds in the case of registered Bonds redeemed in part only) shall, on and after such date and pending such payment, be set aside on its books and held uninvested in trust by it for the Owners entitled thereto, subject, however, to the provisions of Section 10.04.

SECTION 11.11 Funds and Accounts. Any fund required by this Trust Agreement to be established and maintained by the Trustee may be established and maintained in the accounting records of the Trustee, either as a fund or an account, and may, for the purposes of such records, any audits thereof and any reports or statements with respect thereto, be treated either as a fund or as an account; but all such records with respect to all such funds shall at all times be maintained in accordance with customary standards of the corporate trust industry, to the extent practicable, and with due regard for the requirements of Section 6.07 and for the protection of the security of the Bonds and the rights of every owner thereof. Notwithstanding any other provision of this Trust Agreement, the Trustee shall only be required to open any fund or account when it receives, or is notified that it will receive, moneys to be deposited and maintained in such fund or account.

SECTION 11.12 Waiver of Personal Liability. No member, officer, agent or employee of the Authority shall be individually or personally liable for the payment of the principal or Redemption Price of or interest on the Bonds or be subject to any personal liability or accountability by reason of the issuance thereof; but nothing herein contained shall relieve any such member, officer, agent or employee from the performance of any official duty provided by law or by this Trust Agreement.

SECTION 11.13 Payments Due on Days Other Than Business Days. If a payment day or the day for performing any act is not a Business Day, then payment may be made or such act performed on the next Business Day and no interest shall accrue for the intervening period.

SECTION 11.14 Execution in Several Counterparts. This Trust 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, or as many of them as the Authority and the Trustee shall preserve undestroyed, shall together constitute but one and the same instrument.

SECTION 11.15 Governing Law. This Trust Agreement and the Bonds are contracts made under the laws of the State, and shall be governed by and construed in accordance with the Constitution and the laws applicable to contracts made and performed in the State.

SECTION 11.16 Trust Agreement Represents Complete Agreement. This Trust Agreement represents the entire contract between the parties.

IN WITNESS WHEREOF, the **El Centro Financing Authority** has caused this Trust Agreement to be signed in its name by its Chair, and in token of its acceptance of the trusts created hereunder, **MUFG Union Bank, N.A.**, has caused this Trust Agreement to be signed by one of its duly authorized as of the day and year first above written.

EL CENTRO FINANCING AUTHORITY

By: _____
Chair

MUFG UNION BANK, N.A.,
as Trustee

By: _____
Authorized Officer

Attachment: Trust Agreement - 2018 El Centro Regional Medical Center (2673 : ECRMC Bond Refinancing)

EXHIBIT A**FORM OF BOND**

UNLESS THIS BOND IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY, NEW YORK, NEW YORK ("DTC"), TO THE EL CENTRO FINANCING AUTHORITY OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE, OR PAYMENT, AND ANY BOND ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

**EL CENTRO FINANCING AUTHORITY
HOSPITAL REVENUE REFUNDING BOND
(EL CENTRO REGIONAL MEDICAL CENTER PROJECT)
SERIES 2018**

No. AR-_____ \$ _____

Interest Rate	Maturity Date	Dated Date
_____ %	July 1, _____	

Registered Owner: **CEDE & CO.**

Principal Amount: _____ DOLLARS

The **EL CENTRO FINANCING AUTHORITY**, a joint exercise of powers authority, duly organized and validly existing under and pursuant to the laws of the State of California (the "Authority"), for value received, hereby promises to pay, but only out of the Revenues (as such term is defined in the Trust Agreement hereinafter mentioned) and the other assets pledged therefor under the Trust Agreement, to the registered owner identified above or registered assigns, on the maturity date specified above (subject to any right of prior redemption hereinafter mentioned) the principal amount specified above, in lawful money of the United States of America, and to pay interest thereon (but only out of the Revenues and other assets pledged therefor) in like lawful money from the dated date hereof until payment of such principal amount shall be discharged as provided in the Trust Agreement, at the interest rate stated above, payable on July 1, 2018 and semiannually thereafter on January 1 and July 1 of each year (each, an "Interest Payment Date"). The principal or Redemption Price (as such term is defined in the Trust Agreement) is payable at the Principal Corporate Trust Office (as such term is defined in the Trust Agreement) of MUFG Union Bank, N.A. (together with any successor trustee under the Trust Agreement, herein called the "Trustee"). Interest is payable by check mailed by first class mail on each Interest Payment Date to the registered owner hereof as of the fifteenth (15th) day of the month preceding each Interest Payment Date (each a "Record Date") (except with respect to defaulted interest, for which a Special Record Date shall be established) at the address shown on the registration book maintained by the Trustee or, at the written request of any registered owner of at least one million dollars (\$1,000,000) in aggregate principal amount of Series 2018 Bonds received by the Trustee prior to the applicable Record Date, by wire transfer to an account within the United States in accordance with the provisions of the Trust Agreement.

This Bond is one of a duly authorized issue of bonds of the Authority designated as the “El Centro Financing Authority Hospital Revenue Bonds (El Centro Regional Medical Center Project)” (the “Bonds”), unlimited in aggregate principal amount, except as otherwise provided in the hereinafter mentioned Trust Agreement, which-issue consists or may consist of one or more series of varying denominations, dates, maturities, interest rates, redemption and other provisions, all issued or to be issued pursuant to the provisions of the Joint Exercise of Powers Act (being Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California, as amended) and all laws amendatory thereof or supplemental thereto (the “Act”) and pursuant to the provisions of a Trust Agreement, dated as of April 1, 2018 (the “Trust Agreement”), between the Authority and the Trustee. This Bond is also one of a duly authorized series of Bonds additionally designated as the “El Centro Financing Authority Hospital Revenue Refunding Bonds (El Centro Regional Medical Center Project), Series 2018” (the “Series 2018 Bonds”) in the aggregate principal amount of \$[Par Amount]. All capitalized terms used but not otherwise defined herein shall have the meanings ascribed to such terms in the Trust Agreement.

The Series 2018 Bonds are issued for the benefit of the El Centro Regional Medical Center (the “Medical Center”), a municipal hospital and agency of the City of El Centro (the “City”), to assist in the financing and/or refinancing certain improvements to the Facilities (the “Series 2018 Medical Center Projects”). In connection with the issuance of the Series 2018 Bonds, the Authority, the City and the Medical Center have entered into an Installment Purchase Agreement, dated as of April 1, 2018 (the “Installment Purchase Agreement”), pursuant to which the City and the Medical Center will purchase the Series 2018 Medical Center Projects from the Authority.

Reference is hereby made to the Trust Agreement (a copy of which is on file at the Principal Corporate Trust Office of the Trustee) and all trust agreements supplemental thereto and to the Act for a description of the rights thereunder of the registered Owners, of the nature and extent of the security, of the rights, duties and immunities of the Trustee and the rights and obligations of the Authority hereunder and thereunder. The registered owner of this Series 2018 Bond, by acceptance hereof, assents and agrees to all provisions of the Trust Agreement.

The principal of the Bonds and the interest thereon are payable solely from the Revenues and are secured by a pledge and assignment of said Revenues and of amounts held in the funds and accounts established pursuant to the Trust Agreement (other than the Rebate Fund), subject only to the provisions of the Trust Agreement permitting the application thereof for the purposes and on the terms and conditions set forth in the Trust Agreement. The Bonds are further secured by an assignment of the right, title and interest of the Authority in the Installment Purchase Agreement (to the extent and as more particularly described in the Trust Agreement). Additional Bonds payable from the Revenues and secured by a pledge and assignment of said Revenues and of amounts held in the funds and account established pursuant to the Trust Agreement (other than the Rebate Fund) may be issued which will rank equally as to security with the Series 2018 Bonds, but only subject to the conditions and upon compliance with the procedures set forth in the Trust Agreement.

The Series 2018 Bonds are limited obligations of the Authority payable as provided in the Trust Agreement, as described herein. None of the State of California (the “State”), the City of El Centro (the “City”) or the Authority shall be obligated to pay the principal of, redemption premium, if any, or the interest on the Series 2018 Bonds, except from Revenues received by the Authority and certain funds available pursuant to the Trust Agreement. Revenues generally mean all amounts received by the Authority or the Trustee from the Medical Center pursuant to the Installment Purchase Agreement. The obligation of the City, acting through the Medical Center, to make the Installment Purchase Payments and any other payments required under the Installment Purchase Agreement is a special limited obligation of the City payable solely from the Gross Revenues of the Medical Center, and does not constitute a debt of the City or of the State or of any political subdivision thereof within the meaning of any constitutional or statutory

debt limitation or restriction. Gross Revenues, as further defined herein, means all revenues, income, receipts and money received in any period by the Medical Center (other than donor-restricted gifts, grants, bequests, donations, contributions, and tax revenues). Neither the faith and credit nor the taxing power of the City or State or any political subdivision thereof is pledged to the payment of the principal of, redemption premium, if any, or interest on the Series 2018 Bonds. The Authority has no taxing power. In the event of a default, the Series 2018 Bonds shall have no legal claim to, and are not payable from, amounts held in the General Fund of the City.

No payments of Installment Purchase Payments, Supplemental Payments or principal, interest, insurance premium, inspection fees or any other costs incurred in connection with the issuance of Bonds shall be made from the City's power to tax.

The Series 2018 Bonds are subject to redemption prior to their respective stated maturities as provided in the Trust Agreement.

If this Series 2018 Bond is called for redemption and payment therefor is duly provided as specified in the Trust Agreement, interest shall cease to accrue hereon from and after the date fixed for redemption.

If an Event of Default shall occur, the principal of all Series 2018 Bonds (and any Additional Bonds authorized by the Trust Agreement) may be declared due and payable upon the conditions, in the manner and with the effect provided in the Trust Agreement. The Trust Agreement provides that in certain events such declaration and its consequences may be rescinded by the Owners of not less than a majority in aggregate principal amount of Bonds then Outstanding or by the Trustee.

The Series 2018 Bonds are issuable as fully registered Bonds in Authorized Denominations. Subject to the limitations and upon payment of the charges, if any, provided in the Trust Agreement, Bonds may be exchanged at the Principal Corporate Trust Office of the Trustee, for a like aggregate principal amount of Bonds of the same Series and maturity of other Authorized Denominations.

This Series 2018 Bond is transferable by the registered owner hereof, in person, or by his attorney duly authorized in writing, at the Principal Corporate Trust Office of the Trustee, but only in the manner, subject to the limitations and upon payment of the charges, if any, provided in the Trust Agreement, and upon surrender and cancellation of this Series 2018 Bond. Upon such transfer a new Series 2018 Bond of Authorized Denominations, of the same aggregate principal amount, will be issued to the transferee in exchange herefor.

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

The Trust Agreement and the rights and the obligations of the Authority, the Trustee and the Owners may be modified or amended from time to time and at any time in the manner, to the extent, and upon the terms provided in the Trust Agreement (which provides, in certain circumstances, for modifications and amendments without the consent of the Owner hereof); provided, that no such modification or amendment shall (i) extend the fixed maturity of any Bond, or reduce the amount of principal thereof, or extend the time of payment or reduce the amount of any Mandatory Sinking Account Payment or reduce the rate of interest thereon, or extend the time of payment of interest thereon, or reduce any premium payable upon the redemption thereof, without the consent of the Owner of each Bond so affected, or (ii) reduce the aforesaid percentage of Bonds the consent of the Owners of which is required to effect any such modification or amendment, or permit the creation of any lien on the Revenues and other assets pledged under the Trust Agreement prior to or on a parity with the lien created by the Trust

Agreement, or deprive the Owners of the lien created by the Trust Agreement on such Revenues and other assets (except as expressly provided in the Trust Agreement and the Installment Purchase Agreement), without the consent of all of the Owners of any Bonds at the time Outstanding, all as more fully set forth in the Trust Agreement.

It is hereby certified that all acts, conditions and things required by law to exist, to have happened and to have been performed precedent to and in the issuance of this Series 2018 Bond do exist, have happened and have been performed in due time, form and manner as required by the Act and the Constitution and laws of the State of California, and that the amount of this Series 2018 Bond, together with all other indebtedness of the Authority, does not exceed any limit prescribed by the Act, or by the Constitution and laws of the State of California, and is not in excess of the amount of Bonds permitted to be issued under the Trust Agreement.

This Series 2018 Bond shall not be entitled to any benefit, protection or security under the Trust Agreement or become valid or obligatory for any purpose until the certificate of authentication hereon endorsed shall have been manually signed by the Trustee.

IN WITNESS WHEREOF, the **El Centro Financing Authority** has caused this Series 2018 Bond to be executed in its name and on its behalf by the manual or facsimile signature of the Chair of the Authority and countersigned by the manual signature of the Secretary of the Authority.

EL CENTRO FINANCING AUTHORITY

By: _____
Chair

Countersigned:

By _____
Secretary

[FORM OF CERTIFICATE OF AUTHENTICATION]

This is one of the Series 2018 Bonds described in the within mentioned Trust Agreement which has been authenticated on _____, 20__.

MUFG UNION BANK, N.A.,

as Trustee

By: _____
Authorized Officer

Attachment: Trust Agreement - 2018 El Centro Regional Medical Center (2673 : ECRMC Bond Refinancing)

[FORM OF ASSIGNMENT]

For value received the undersigned hereby sells, assigns and transfers unto _____ the within bond and all rights thereunder, and hereby irrevocably constitutes and appoints _____ attorney to transfer the within bond on the books kept for registration thereof, with full power of substitution in the premises.

Dated: _____

 Note: The-signature to this Assignment must correspond with the name as written on the face of the Bond in every particular, without alteration or enlargement or any change whatever.

Signature Guaranteed:

 Notice: Signature must be guaranteed by an eligible guarantor.

Social Security Number,
 Taxpayer Identification
 Number or Other Identifying
 Number of Assignee:

EXHIBIT B**FORM OF COSTS OF ISSUANCE REQUISITION****REQUISITION NO. ____**

MUFG Union Bank, N.A.

Re: Costs of Issuance Fund held pursuant to the Trust Agreement (defined below) relating to the El Centro Financing Authority Hospital Revenue Refunding Bonds (El Centro Regional Medical Center Project), Series 2018

The undersigned hereby states and certifies:

1. That I am the duly qualified [Authorized Medical Center Representative] of the EL CENTRO REGIONAL MEDICAL CENTER, a municipal hospital and agency of the City of El Centro duly organized and existing under and by virtue of the laws of the State of California (the "Medical Center"), and as such, is familiar with the facts herein certified and is authorized and qualified to execute and deliver this certificate.
2. I, on behalf of the Medical Center, hereby request MUFG Union Bank, N.A. (the "Trustee"), pursuant to that certain Trust Agreement, dated as of April 1, 2018, (the "Trust Agreement"), between the El Centro Financing Authority and the Trustee, upon receipt of an invoice from each payee identified below to pay from the moneys in the Costs of Issuance Fund established pursuant to the Trust Agreement, the amounts set forth in such invoices but not more than the amounts provided below to the payee identified below.

Payee**Purpose for Payment****Amount^{*}**

[* May be a not to exceed number.]

3. That the obligations in the amounts stated above have been incurred by the Medical Center and are presently due and payable and that each item thereof is a proper charge against the Costs of Issuance Fund and has not been previously paid therefrom.
4. That such payments shall be made by check or wire transfer in accordance with the payment instructions attached hereto or in invoices submitted pursuant thereto and the Trustee shall rely on such payment instructions as though given by the Medical Center with no duty to investigate or inquire as to the authenticity of the invoices or payment instructions or the authority under which they were given.

Attachment: Trust Agreement - 2018 El Centro Regional Medical Center (2673 : ECRMC Bond Refinancing)

Capitalized terms used and not defined herein shall have the meaning ascribed to such terms in the Trust Agreement.

Date: _____, 20__

EL CENTRO REGIONAL MEDICAL CENTER

By: _____
Authorized Medical Center Representative

Attachment: Trust Agreement - 2018 El Centro Regional Medical Center (2673 : ECRMC Bond Refinancing)

EXHIBIT C**FORM OF PROJECT ACCOUNT REQUISITION**

MUFG Union Bank, N.A.

Re: _____ Project Account (“Project Account”) held pursuant to the Trust Agreement (defined below) relating to the El Centro Financing Authority Hospital Revenue Refunding Bonds (El Centro Regional Medical Center Project), Series _____

The undersigned hereby states and certifies:

1. That I am the duly qualified [Authorized Medical Center Representative] of the EL CENTRO REGIONAL MEDICAL CENTER, a municipal hospital and agency of the City of El Centro duly organized and existing under and by virtue of the laws of the State of California (the “Medical Center”), and as such, is familiar with the facts herein certified and is authorized and qualified to execute and deliver this certificate.
2. I, on behalf of the Medical Center, hereby request MUFG Union Bank, N.A. (the “Trustee”), pursuant to that certain Trust Agreement, dated as of April 1, 2018, (the “Trust Agreement”), between the El Centro Financing Authority and the Trustee, to pay from the moneys in the Project Account established pursuant to the Trust Agreement, the amounts provided below to the payee identified below.

Payee**Purpose for Payment****Amount**

3. That the obligations in the amounts stated above have been incurred by the Medical Center and are presently due and payable and that each item thereof is a proper charge against the Project Account and has not been previously paid therefrom.
4. That there has not been filed with or served upon the City of El Centro or the Medical Center notice of any lien, right to lien or attachment upon, or claim affecting the right to receive payment of, any of the amounts payable to any of the persons named in this requisition, which has not been released or will not be released simultaneously with the payment of such obligation, other than materialmen’s or mechanics’ liens accruing by mere operation of law.
5. That the balance remaining in the Project Account after payment of the amounts identified above, together with any investment income reasonably anticipated to be deposited in the Project Account pursuant and any other funds reasonably anticipated to be available therefor, will be sufficient to pay the costs of completing the Medical Center Project.

Attachment: Trust Agreement - 2018 El Centro Regional Medical Center (2673 : ECRMC Bond Refinancing)

6. That such payments shall be made by check or wire transfer in accordance with the payment instructions set forth below and the Trustee shall rely on such payment instructions as though given by the Medical Center with no duty to investigate or inquire as to the authenticity of the payment instructions or the authority under which they were given.

Payment Instructions:

[to be delivered by the Medical Center]

Capitalized terms used and not defined herein shall have the meaning ascribed to such terms in the Trust Agreement.

Date: _____, 20__

EL CENTRO REGIONAL MEDICAL
CENTER

By: _____
Authorized Medical Center Representative

Attachment: Trust Agreement - 2018 El Centro Regional Medical Center (2673 : ECRMC Bond Refinancing)

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 El Centro Regional Medical Center
 Non-Rated, Limited Public Offering
 Revised Final Numbers (as of 3/27/2018)

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SOURCES AND USES OF FUNDS

**Preston Hollow Terms
El Centro Regional Medical Center
Non-Rated, Limited Public Offering
Revised Final Numbers (as of 3/27/2018)**

Dated Date 04/19/2018
Delivery Date 04/19/2018

Sources:

Bond Proceeds:	
Par Amount	125,000,000.00
Net Original Issue Discount	(9,991,639.45)
	115,008,360.55
Other Sources of Funds:	
Release of 2015AB Project Fund	2,306,816.03
	117,315,176.58

Uses:

Project Fund Deposits:	
Total ASB Design & Construction	26,706,210.00
Boiler Plant / Med Air Upgrades	2,625,000.00
Emergency Department Expansion	6,939,784.00
SPC-4D Upgrades	8,531,108.00
Lab Relocation	3,150,000.00
Contingency	2,970,249.95
	50,922,351.95
Refunding Escrow Deposits:	
Cash Deposit	41,532,544.63
Other Fund Deposits:	
CAPI Fund	13,830,625.00
DSRF	8,094,300.00
	21,924,925.00
Delivery Date Expenses:	
Cost of Issuance	1,393,500.00
Underwriter's Discount	1,541,855.00
	2,935,355.00
	117,315,176.58

Attachment: ECRMC_Series 2018 Revised Detailed Final PHC Bond Numbers_03272018 (2673 : ECRMC Bond Refinancing)

BOND SUMMARY STATISTICS

Preston Hollow Terms
El Centro Regional Medical Center
Non-Rated, Limited Public Offering
Revised Final Numbers (as of 3/27/2018)

Dated Date	04/19/2018
Delivery Date	04/19/2018
First Coupon	07/01/2018
Last Maturity	07/01/2058
Arbitrage Yield	6.192787%
True Interest Cost (TIC)	6.340492%
Net Interest Cost (NIC)	5.961520%
All-In TIC	6.438473%
Average Coupon	5.631029%
Average Life (years)	27.918
Duration of Issue (years)	13.062
Par Amount	125,000,000.00
Bond Proceeds	115,008,360.55
Total Interest	196,512,212.50
Net Interest	208,045,706.95
Total Debt Service	321,512,212.50
Maximum Annual Debt Service	8,094,300.00
Average Annual Debt Service	7,997,816.23
Underwriter's Fees (per \$1000)	
Average Takedown	
Other Fee	12.334840
Total Underwriter's Discount	12.334840
Bid Price	90.773204

Bond Component	Par Value	Price	Average Coupon	Average Life	Average Maturity Date	Duration	PV of 1 bp change
10Yr term	11,035,000.00	95.744	4.500%	7.930	03/24/2026	6.617	9,048.70
30Yr term	53,700,000.00	92.401	5.500%	22.779	01/27/2041	12.601	69,273.00
40Yr Term	60,265,000.00	90.971	5.750%	36.159	06/15/2054	14.696	80,152.45
	125,000,000.00			27.918			158,474.15

	TIC	All-In TIC	Arbitrage Yield
Par Value	125,000,000.00	125,000,000.00	125,000,000.00
+ Accrued Interest			
+ Premium (Discount)	(9,991,639.45)	(9,991,639.45)	(9,991,639.45)
- Underwriter's Discount	(1,541,855.00)	(1,541,855.00)	
- Cost of Issuance Expense		(1,393,500.00)	
- Other Amounts			
Target Value	113,466,505.55	112,073,005.55	115,008,360.55
Target Date	04/19/2018	04/19/2018	04/19/2018
Yield	6.340492%	6.438473%	6.192787%

Attachment: ECRMC_Series 2018 Revised Detailed Final PHC Bond Numbers_03272018 (2673 : ECRMC Bond Refinancing)

SUMMARY OF BONDS REFUNDED

Preston Hollow Terms
El Centro Regional Medical Center
Non-Rated, Limited Public Offering
Revised Final Numbers (as of 3/27/2018)

Bond	Maturity Date	Interest Rate	Par Amount	Call Date	Call Price
Series 2015A (Fixed)-ACTUAL for Refunding: TERM	03/01/2035	3.050%	22,160,000.00	04/19/2018	101.000
Series 2015B (Variable)-ACTUAL for Refunding: TERM	03/01/2026	4.230%	19,020,000.00	04/19/2018	100.000
			41,180,000.00		

Attachment: ECRMC_Series 2018 Revised Detailed Final PHC Bond Numbers_03272018 (2673 : ECRMC Bond Refinancing)

BOND PRICING

**Preston Hollow Terms
El Centro Regional Medical Center
Non-Rated, Limited Public Offering
Revised Final Numbers (as of 3/27/2018)**

Bond Component	Maturity Date	Amount	Rate	Yield	Price
30Yr term:					
	07/01/2030	1,675,000	5.500%	6.050%	92.401
	07/01/2031	1,765,000	5.500%	6.050%	92.401
	07/01/2032	1,860,000	5.500%	6.050%	92.401
	07/01/2033	1,965,000	5.500%	6.050%	92.401
	07/01/2034	2,075,000	5.500%	6.050%	92.401
	07/01/2035	2,185,000	5.500%	6.050%	92.401
	07/01/2036	2,305,000	5.500%	6.050%	92.401
	07/01/2037	2,435,000	5.500%	6.050%	92.401
	07/01/2038	2,565,000	5.500%	6.050%	92.401
	07/01/2039	2,710,000	5.500%	6.050%	92.401
	07/01/2040	2,855,000	5.500%	6.050%	92.401
	07/01/2041	3,015,000	5.500%	6.050%	92.401
	07/01/2042	3,180,000	5.500%	6.050%	92.401
	07/01/2043	3,355,000	5.500%	6.050%	92.401
	07/01/2044	3,540,000	5.500%	6.050%	92.401
	07/01/2045	3,735,000	5.500%	6.050%	92.401
	07/01/2046	3,940,000	5.500%	6.050%	92.401
	07/01/2047	4,155,000	5.500%	6.050%	92.401
	07/01/2048	4,385,000	5.500%	6.050%	92.401
		53,700,000			
40Yr Term:					
	07/01/2049	4,625,000	5.750%	6.375%	90.971
	07/01/2050	4,895,000	5.750%	6.375%	90.971
	07/01/2051	5,175,000	5.750%	6.375%	90.971
	07/01/2052	5,470,000	5.750%	6.375%	90.971
	07/01/2053	5,785,000	5.750%	6.375%	90.971
	07/01/2054	6,120,000	5.750%	6.375%	90.971
	07/01/2055	6,470,000	5.750%	6.375%	90.971
	07/01/2056	6,840,000	5.750%	6.375%	90.971
	07/01/2057	7,235,000	5.750%	6.375%	90.971
	07/01/2058	7,650,000	5.750%	6.375%	90.971
		60,265,000			
10Yr term:					
	07/01/2022	1,175,000	4.500%	5.000%	95.744
	07/01/2023	1,230,000	4.500%	5.000%	95.744
	07/01/2024	1,285,000	4.500%	5.000%	95.744
	07/01/2025	1,345,000	4.500%	5.000%	95.744
	07/01/2026	1,405,000	4.500%	5.000%	95.744
	07/01/2027	1,465,000	4.500%	5.000%	95.744
	07/01/2028	1,530,000	4.500%	5.000%	95.744
	07/01/2029	1,600,000	4.500%	5.000%	95.744
		11,035,000			
		125,000,000			

Attachment: ECRMC_Series 2018 Revised Detailed Final PHC Bond Numbers_03272018 (2673 : ECRMC Bond Refinancing)

BOND PRICING

Preston Hollow Terms
El Centro Regional Medical Center
Non-Rated, Limited Public Offering
Revised Final Numbers (as of 3/27/2018)

Dated Date	04/19/2018	
Delivery Date	04/19/2018	
First Coupon	07/01/2018	
Par Amount	125,000,000.00	
Original Issue Discount	(9,991,639.45)	
Production	115,008,360.55	92.006688%
Underwriter's Discount	(1,541,855.00)	(1.233484%)
Purchase Price	113,466,505.55	90.773204%
Accrued Interest		
Net Proceeds	113,466,505.55	

Attachment: ECRMC_Series 2018 Revised Detailed Final PHC Bond Numbers_03272018 (2673 : ECRMC Bond Refinancing)

NET DEBT SERVICE

**Preston Hollow Terms
El Centro Regional Medical Center
Non-Rated, Limited Public Offering
Revised Final Numbers (as of 3/27/2018)**

Period Ending	Principal	Interest	Total Debt Service	CAPI Fund	DSRF	Net Debt Service
07/01/2018		1,383,062.50	1,383,062.50	1,383,062.50		
07/01/2019		6,915,312.50	6,915,312.50	6,915,312.50		
07/01/2020		6,915,312.50	6,915,312.50	5,532,250.00		1,383,062.50
07/01/2021		6,915,312.50	6,915,312.50			6,915,312.50
07/01/2022	1,175,000	6,915,312.50	8,090,312.50			8,090,312.50
07/01/2023	1,230,000	6,862,437.50	8,092,437.50			8,092,437.50
07/01/2024	1,285,000	6,807,087.50	8,092,087.50			8,092,087.50
07/01/2025	1,345,000	6,749,262.50	8,094,262.50			8,094,262.50
07/01/2026	1,405,000	6,688,737.50	8,093,737.50			8,093,737.50
07/01/2027	1,465,000	6,625,512.50	8,090,512.50			8,090,512.50
07/01/2028	1,530,000	6,559,587.50	8,089,587.50			8,089,587.50
07/01/2029	1,600,000	6,490,737.50	8,090,737.50			8,090,737.50
07/01/2030	1,675,000	6,418,737.50	8,093,737.50			8,093,737.50
07/01/2031	1,765,000	6,326,612.50	8,091,612.50			8,091,612.50
07/01/2032	1,860,000	6,229,537.50	8,089,537.50			8,089,537.50
07/01/2033	1,965,000	6,127,237.50	8,092,237.50			8,092,237.50
07/01/2034	2,075,000	6,019,162.50	8,094,162.50			8,094,162.50
07/01/2035	2,185,000	5,905,037.50	8,090,037.50			8,090,037.50
07/01/2036	2,305,000	5,784,862.50	8,089,862.50			8,089,862.50
07/01/2037	2,435,000	5,658,087.50	8,093,087.50			8,093,087.50
07/01/2038	2,565,000	5,524,162.50	8,089,162.50			8,089,162.50
07/01/2039	2,710,000	5,383,087.50	8,093,087.50			8,093,087.50
07/01/2040	2,855,000	5,234,037.50	8,089,037.50			8,089,037.50
07/01/2041	3,015,000	5,077,012.50	8,092,012.50			8,092,012.50
07/01/2042	3,180,000	4,911,187.50	8,091,187.50			8,091,187.50
07/01/2043	3,355,000	4,736,287.50	8,091,287.50			8,091,287.50
07/01/2044	3,540,000	4,551,762.50	8,091,762.50			8,091,762.50
07/01/2045	3,735,000	4,357,062.50	8,092,062.50			8,092,062.50
07/01/2046	3,940,000	4,151,637.50	8,091,637.50			8,091,637.50
07/01/2047	4,155,000	3,934,937.50	8,089,937.50			8,089,937.50
07/01/2048	4,385,000	3,706,412.50	8,091,412.50			8,091,412.50
07/01/2049	4,625,000	3,465,237.50	8,090,237.50			8,090,237.50
07/01/2050	4,895,000	3,199,300.00	8,094,300.00			8,094,300.00
07/01/2051	5,175,000	2,917,837.50	8,092,837.50			8,092,837.50
07/01/2052	5,470,000	2,620,275.00	8,090,275.00			8,090,275.00
07/01/2053	5,785,000	2,305,750.00	8,090,750.00			8,090,750.00
07/01/2054	6,120,000	1,973,112.50	8,093,112.50			8,093,112.50
07/01/2055	6,470,000	1,621,212.50	8,091,212.50			8,091,212.50
07/01/2056	6,840,000	1,249,187.50	8,089,187.50			8,089,187.50
07/01/2057	7,235,000	855,887.50	8,090,887.50			8,090,887.50
07/01/2058	7,650,000	439,875.00	8,089,875.00		8,094,300	(4,425.00)
	125,000,000	196,512,212.50	321,512,212.50	13,830,625.00	8,094,300	299,587,287.50

Attachment: ECRMC_Series 2018 Revised Detailed Final PHC Bond Numbers_03272018 (2673 : ECRMC Bond Refinancing)

DEBT SERVICE RESERVE FUND

Preston Hollow Terms
El Centro Regional Medical Center
Non-Rated, Limited Public Offering
Revised Final Numbers (as of 3/27/2018)

Date	Deposit	Interest	Principal	Debt Service	Balance
07/01/2018	8,094,300				8,094,300
01/01/2019					8,094,300
07/01/2019					8,094,300
01/01/2020					8,094,300
07/01/2020					8,094,300
01/01/2021					8,094,300
07/01/2021					8,094,300
01/01/2022					8,094,300
07/01/2022					8,094,300
01/01/2023					8,094,300
07/01/2023					8,094,300
01/01/2024					8,094,300
07/01/2024					8,094,300
01/01/2025					8,094,300
07/01/2025					8,094,300
01/01/2026					8,094,300
07/01/2026					8,094,300
01/01/2027					8,094,300
07/01/2027					8,094,300
01/01/2028					8,094,300
07/01/2028					8,094,300
01/01/2029					8,094,300
07/01/2029					8,094,300
01/01/2030					8,094,300
07/01/2030					8,094,300
01/01/2031					8,094,300
07/01/2031					8,094,300
01/01/2032					8,094,300
07/01/2032					8,094,300
01/01/2033					8,094,300
07/01/2033					8,094,300
01/01/2034					8,094,300
07/01/2034					8,094,300
01/01/2035					8,094,300
07/01/2035					8,094,300
01/01/2036					8,094,300
07/01/2036					8,094,300
01/01/2037					8,094,300
07/01/2037					8,094,300
01/01/2038					8,094,300
07/01/2038					8,094,300
01/01/2039					8,094,300
07/01/2039					8,094,300
01/01/2040					8,094,300
07/01/2040					8,094,300
01/01/2041					8,094,300
07/01/2041					8,094,300
01/01/2042					8,094,300
07/01/2042					8,094,300
01/01/2043					8,094,300
07/01/2043					8,094,300
01/01/2044					8,094,300
07/01/2044					8,094,300
01/01/2045					8,094,300
07/01/2045					8,094,300
01/01/2046					8,094,300
07/01/2046					8,094,300
01/01/2047					8,094,300

Attachment: ECRMC_Series 2018 Revised Detailed Final PHC Bond Numbers_03272018 (2673 : ECRMC Bond Refinancing)

DEBT SERVICE RESERVE FUND

Preston Hollow Terms
El Centro Regional Medical Center
Non-Rated, Limited Public Offering
Revised Final Numbers (as of 3/27/2018)

Date	Deposit	Interest	Principal	Debt Service	Balance
07/01/2047					8,094,300
01/01/2048					8,094,300
07/01/2048					8,094,300
01/01/2049					8,094,300
07/01/2049					8,094,300
01/01/2050					8,094,300
07/01/2050					8,094,300
01/01/2051					8,094,300
07/01/2051					8,094,300
01/01/2052					8,094,300
07/01/2052					8,094,300
01/01/2053					8,094,300
07/01/2053					8,094,300
01/01/2054					8,094,300
07/01/2054					8,094,300
01/01/2055					8,094,300
07/01/2055					8,094,300
01/01/2056					8,094,300
07/01/2056					8,094,300
01/01/2057					8,094,300
07/01/2057					8,094,300
01/01/2058					8,094,300
07/01/2058			8,094,300	(8,094,300)	
	8,094,300	0	8,094,300	(8,094,300)	

Average Life (years):	40.2000
Arbitrage Yield:	6.1927874%
Value of Negative Arbitrage:	7,397,025.17

Attachment: ECRMC_Series 2018 Revised Detailed Final PHC Bond Numbers_03272018 (2673 : ECRMC Bond Refinancing)

CAPITALIZED INTEREST FUND

**Preston Hollow Terms
 El Centro Regional Medical Center
 Non-Rated, Limited Public Offering
 Revised Final Numbers (as of 3/27/2018)**

Date	Deposit	Interest	Principal	Scheduled Draws	Balance
07/01/2018	13,830,625		1,383,062.50	1,383,062.50	12,447,562.50
01/01/2019			3,457,656.25	3,457,656.25	8,989,906.25
07/01/2019			3,457,656.25	3,457,656.25	5,532,250.00
01/01/2020			3,457,656.25	3,457,656.25	2,074,593.75
07/01/2020			2,074,593.75	2,074,593.75	
	13,830,625	0	13,830,625.00	13,830,625.00	

Average Life (years): 1.2500
 Arbitrage Yield: 6.1927874%
 Value of Negative Arbitrage: 1,006,313.67

Attachment: ECRMC_Series 2018 Revised Detailed Final PHC Bond Numbers_03272018 (2673 : ECRMC Bond Refinancing)

PROJECT FUND

**Preston Hollow Terms
El Centro Regional Medical Center
Non-Rated, Limited Public Offering
Revised Final Numbers (as of 3/27/2018)**

Date	Deposit	Interest	Principal	Scheduled Draws	Balance
05/01/2018	50,922,351.95		6,999,664.95	6,999,664.95	43,922,687
06/01/2018			880,931.00	880,931.00	43,041,756
07/01/2018			1,059,958.00	1,059,958.00	41,981,798
08/01/2018			1,327,020.00	1,327,020.00	40,654,778
09/01/2018			1,466,116.00	1,466,116.00	39,188,662
10/01/2018			1,466,116.00	1,466,116.00	37,722,546
11/01/2018			1,518,022.00	1,518,022.00	36,204,524
12/01/2018			1,537,378.00	1,537,378.00	34,667,146
01/01/2019			1,592,434.00	1,592,434.00	33,074,712
02/01/2019			2,014,219.00	2,014,219.00	31,060,493
03/01/2019			3,065,037.00	3,065,037.00	27,995,456
04/01/2019			2,769,673.00	2,769,673.00	25,225,783
05/01/2019			3,484,973.00	3,484,973.00	21,740,810
06/01/2019			3,300,591.00	3,300,591.00	18,440,219
07/01/2019			3,326,939.00	3,326,939.00	15,113,280
08/01/2019			2,962,392.00	2,962,392.00	12,150,888
09/01/2019			3,104,138.00	3,104,138.00	9,046,750
10/01/2019			2,933,516.00	2,933,516.00	6,113,234
11/01/2019			2,864,118.00	2,864,118.00	3,249,116
12/01/2019			1,922,229.00	1,922,229.00	1,326,887
01/01/2020			485,785.00	485,785.00	841,102
02/01/2020			451,086.00	451,086.00	390,016
03/01/2020			390,016.00	390,016.00	
	50,922,351.95	0	50,922,351.95	50,922,351.95	

Average Life (years): 0.8855
Arbitrage Yield: 6.1927874%
Value of Negative Arbitrage: 2,652,429.41

Attachment: ECRMC_Series 2018 Revised Detailed Final PHC Bond Numbers_03272018 (2673 : ECRMC Bond Refinancing)

COST OF ISSUANCE

Preston Hollow Terms
El Centro Regional Medical Center
Non-Rated, Limited Public Offering
Revised Final Numbers (as of 3/27/2018)

Cost of Issuance	\$/1000	Amount
Issuer & Issuer Counsel: City of El Centro	2.40000	300,000.00
Borrower's Counsel: Sheppard Mullin Richter & Hamp	0.76000	95,000.00
Bond Counsel: Norton Rose Fulbright	4.12000	515,000.00
Financial Advisor: Wulff Hansen & Co.	3.00000	375,000.00
Auditor: Wipfli	0.24000	30,000.00
Auditor: Moss Adams	0.24000	30,000.00
Investor Counsel: Orrick	0.16000	20,000.00
Dissemination Agent	0.12000	15,000.00
Trustee: Union Bank	0.04400	5,500.00
Out of Pocket	0.02800	3,500.00
Printing	0.03600	4,500.00
	11.14800	1,393,500.00

Attachment: ECRMC_Series 2018 Revised Detailed Final PHC Bond Numbers_03272018 (2673 : ECRMC Bond Refinancing)

UNDERWRITER'S DISCOUNT

Preston Hollow Terms
El Centro Regional Medical Center
Non-Rated, Limited Public Offering
Revised Final Numbers (as of 3/27/2018)

Underwriter's Discount	\$/1000	Amount
Takedown	11.19000	1,398,750.00
Underwriter's Counsel	1.04000	130,000.00
DTC and Pershing Fee	0.00800	1,000.00
CUSIP Fee & Express Fee	0.01084	1,355.00
Lumesis (15c212)	0.00600	750.00
Expenses	0.08000	10,000.00
	12.33484	1,541,855.00

Attachment: ECRMC_Series 2018 Revised Detailed Final PHC Bond Numbers_03272018 (2673 : ECRMC Bond Refinancing)

FORM 8038 STATISTICS

Preston Hollow Terms
 El Centro Regional Medical Center
 Non-Rated, Limited Public Offering
 Revised Final Numbers (as of 3/27/2018)

Dated Date 04/19/2018

Delivery Date 04/19/2018

Bond Component	Date	Principal	Coupon	Price	Issue Price	Redemption at Maturity
30Yr term:						
	07/01/2030	1,675,000.00	5.500%	92.401	1,547,716.75	1,675,000.00
	07/01/2031	1,765,000.00	5.500%	92.401	1,630,877.65	1,765,000.00
	07/01/2032	1,860,000.00	5.500%	92.401	1,718,658.60	1,860,000.00
	07/01/2033	1,965,000.00	5.500%	92.401	1,815,679.65	1,965,000.00
	07/01/2034	2,075,000.00	5.500%	92.401	1,917,320.75	2,075,000.00
	07/01/2035	2,185,000.00	5.500%	92.401	2,018,961.85	2,185,000.00
	07/01/2036	2,305,000.00	5.500%	92.401	2,129,843.05	2,305,000.00
	07/01/2037	2,435,000.00	5.500%	92.401	2,249,964.35	2,435,000.00
	07/01/2038	2,565,000.00	5.500%	92.401	2,370,085.65	2,565,000.00
	07/01/2039	2,710,000.00	5.500%	92.401	2,504,067.10	2,710,000.00
	07/01/2040	2,855,000.00	5.500%	92.401	2,638,048.55	2,855,000.00
	07/01/2041	3,015,000.00	5.500%	92.401	2,785,890.15	3,015,000.00
	07/01/2042	3,180,000.00	5.500%	92.401	2,938,351.80	3,180,000.00
	07/01/2043	3,355,000.00	5.500%	92.401	3,100,053.55	3,355,000.00
	07/01/2044	3,540,000.00	5.500%	92.401	3,270,995.40	3,540,000.00
	07/01/2045	3,735,000.00	5.500%	92.401	3,451,177.35	3,735,000.00
	07/01/2046	3,940,000.00	5.500%	92.401	3,640,599.40	3,940,000.00
	07/01/2047	4,155,000.00	5.500%	92.401	3,839,261.55	4,155,000.00
	07/01/2048	4,385,000.00	5.500%	92.401	4,051,783.85	4,385,000.00
40Yr Term:						
	07/01/2049	4,625,000.00	5.750%	90.971	4,207,408.75	4,625,000.00
	07/01/2050	4,895,000.00	5.750%	90.971	4,453,030.45	4,895,000.00
	07/01/2051	5,175,000.00	5.750%	90.971	4,707,749.25	5,175,000.00
	07/01/2052	5,470,000.00	5.750%	90.971	4,976,113.70	5,470,000.00
	07/01/2053	5,785,000.00	5.750%	90.971	5,262,672.35	5,785,000.00
	07/01/2054	6,120,000.00	5.750%	90.971	5,567,425.20	6,120,000.00
	07/01/2055	6,470,000.00	5.750%	90.971	5,885,823.70	6,470,000.00
	07/01/2056	6,840,000.00	5.750%	90.971	6,222,416.40	6,840,000.00
	07/01/2057	7,235,000.00	5.750%	90.971	6,581,751.85	7,235,000.00
	07/01/2058	7,650,000.00	5.750%	90.971	6,959,281.50	7,650,000.00
10Yr term:						
	07/01/2022	1,175,000.00	4.500%	95.744	1,124,992.00	1,175,000.00
	07/01/2023	1,230,000.00	4.500%	95.744	1,177,651.20	1,230,000.00
	07/01/2024	1,285,000.00	4.500%	95.744	1,230,310.40	1,285,000.00
	07/01/2025	1,345,000.00	4.500%	95.744	1,287,756.80	1,345,000.00
	07/01/2026	1,405,000.00	4.500%	95.744	1,345,203.20	1,405,000.00
	07/01/2027	1,465,000.00	4.500%	95.744	1,402,649.60	1,465,000.00
	07/01/2028	1,530,000.00	4.500%	95.744	1,464,883.20	1,530,000.00
	07/01/2029	1,600,000.00	4.500%	95.744	1,531,904.00	1,600,000.00
		125,000,000.00			115,008,360.55	125,000,000.00
	Maturity Date	Interest Rate	Issue Price	Stated Redemption at Maturity	Weighted Average Maturity	Yield
Final Maturity	07/01/2058	5.750%	6,959,281.50	7,650,000.00		
Entire Issue			115,008,360.55	125,000,000.00	27.7926	6.1928%

Attachment: ECRMC_Series 2018 Revised Detailed Final PHC Bond Numbers_03272018 (2673 : ECRMC Bond Refinancing)

FORM 8038 STATISTICS

**Preston Hollow Terms
El Centro Regional Medical Center
Non-Rated, Limited Public Offering
Revised Final Numbers (as of 3/27/2018)**

Proceeds used for accrued interest	0.00
Proceeds used for bond issuance costs (including underwriters' discount)	2,935,355.00
Proceeds used for credit enhancement	0.00
Proceeds allocated to reasonably required reserve or replacement fund	8,094,300.00
Proceeds used to currently refund prior issues	41,532,544.63
Proceeds used to advance refund prior issues	0.00
Remaining weighted average maturity of the bonds to be currently refunded	7.2505
Remaining weighted average maturity of the bonds to be advance refunded	0.0000

Attachment: ECRMC_Series 2018 Revised Detailed Final PHC Bond Numbers_03272018 (2673 : ECRMC Bond Refinancing)

FORM 8038 STATISTICS

**Preston Hollow Terms
El Centro Regional Medical Center
Non-Rated, Limited Public Offering
Revised Final Numbers (as of 3/27/2018)**

Refunded Bonds

Bond Component	Date	Principal	Coupon	Price	Issue Price
Series 2015A (Fixed)-ACTUAL for Refunding:					
TERM	03/01/2019	1,015,000.00	3.050%	100.000	1,015,000.00
TERM	03/01/2020	1,045,000.00	3.050%	100.000	1,045,000.00
TERM	03/01/2021	1,075,000.00	3.050%	100.000	1,075,000.00
TERM	03/01/2022	1,110,000.00	3.050%	100.000	1,110,000.00
TERM	03/01/2023	1,145,000.00	3.050%	100.000	1,145,000.00
TERM	03/01/2024	1,175,000.00	3.050%	100.000	1,175,000.00
TERM	03/01/2025	1,215,000.00	3.050%	100.000	1,215,000.00
TERM	03/01/2026	1,250,000.00	3.050%	100.000	1,250,000.00
TERM	03/01/2027	1,290,000.00	3.050%	100.000	1,290,000.00
TERM	03/01/2028	1,330,000.00	3.050%	100.000	1,330,000.00
TERM	03/01/2029	1,370,000.00	3.050%	100.000	1,370,000.00
TERM	03/01/2030	1,410,000.00	3.050%	100.000	1,410,000.00
TERM	03/01/2031	1,455,000.00	3.050%	100.000	1,455,000.00
TERM	03/01/2032	1,500,000.00	3.050%	100.000	1,500,000.00
TERM	03/01/2033	1,545,000.00	3.050%	100.000	1,545,000.00
TERM	03/01/2034	1,590,000.00	3.050%	100.000	1,590,000.00
TERM	03/01/2035	1,640,000.00	3.050%	100.000	1,640,000.00
		22,160,000.00			22,160,000.00
Series 2015B (Variable)-ACTUAL for Refunding:					
TERM	03/01/2019	2,117,000.00	4.230%	100.000	2,117,000.00
TERM	03/01/2020	2,200,000.00	4.230%	100.000	2,200,000.00
TERM	03/01/2021	2,270,000.00	4.230%	100.000	2,270,000.00
TERM	03/01/2022	2,335,000.00	4.230%	100.000	2,335,000.00
TERM	03/01/2023	2,410,000.00	4.230%	100.000	2,410,000.00
TERM	03/01/2024	2,480,000.00	4.230%	100.000	2,480,000.00
TERM	03/01/2025	2,555,000.00	4.230%	100.000	2,555,000.00
TERM	03/01/2026	2,653,000.00	4.230%	100.000	2,653,000.00
		19,020,000.00			19,020,000.00
		41,180,000.00			41,180,000.00

	Last Call Date	Issue Date	Remaining Weighted Average Maturity
Series 2015A (Fixed)-ACTUAL for Refunding	04/19/2018	03/01/2015	9.5851
Series 2015B (Variable)-ACTUAL for Refunding	04/19/2018	03/12/2015	4.5305
All Refunded Issues	04/19/2018		7.2505

Attachment: ECRMC_Series 2018 Revised Detailed Final PHC Bond Numbers_03272018 (2673 : ECRMC Bond Refinancing)

UNIVERSAL FORMULA VERIFICATION

Preston Hollow Terms
El Centro Regional Medical Center
Non-Rated, Limited Public Offering
Revised Final Numbers (as of 3/27/2018)

Component	Formula	Value
DSRF	Maximum annual Debt Service	8,094,300.00
DSRF	125% of average annual adjusted Debt Service	9,997,270.29
DSRF	10% of Par Amount	12,500,000.00
DSRF	DSRF	8,094,300.00
COI_UD	300,000	300,000.00
COI_UD	95,000	95,000.00
COI_UD	515,000	515,000.00
COI_UD	375,000	375,000.00
COI_UD	30,000	30,000.00
COI_UD	30,000	30,000.00
COI_UD	20,000	20,000.00
COI_UD	15,000	15,000.00
COI_UD	5,500	5,500.00
COI_UD	3,500	3,500.00
COI_UD	4,500	4,500.00
COI_UD	11.19 per bond	1,398,750.00
COI_UD	130,000	130,000.00
COI_UD	1,000	1,000.00
COI_UD	1,355	1,355.00
COI_UD	750	750.00
COI_UD	10,000	10,000.00

Attachment: ECRMC_Series 2018 Revised Detailed Final PHC Bond Numbers_03272018 (2673 : ECRMC Bond Refinancing)

SUMMARY OF BONDS REFUNDED**El Centro Regional Medical Center: Limited Public Offering (03/27/2018): PHC Terms****Series 2018 Bonds****Preston Hollow Terms****El Centro Regional Medical Center****Non-Rated, Limited Public Offering****Revised Final Numbers (as of 3/27/2018)**

Bond	Maturity Date	Interest Rate	Par Amount	Call Date	Call Price
Series 2015A (Fixed)-ACTUAL for Refunding:					
TERM	03/01/2035	3.050%	22,160,000.00	04/19/2018	101.000
Series 2015B (Variable)-ACTUAL for Refunding:					
TERM	03/01/2026	4.230%	19,020,000.00	04/19/2018	100.000
			41,180,000.00		

Attachment: ECRMC_Series 2018 Revised Detailed Final PHC Bond Numbers_03272018 (2673 : ECRMC Bond Refinancing)

PROJECT FUND**El Centro Regional Medical Center: Limited Public Offering (03/27/2018): PHC Terms****Series 2018 Bonds****Preston Hollow Terms****El Centro Regional Medical Center****Non-Rated, Limited Public Offering****Revised Final Numbers (as of 3/27/2018)****Total ASB Design & Construction**

Date	Deposit	Interest	Principal	Scheduled Draws	Balance
05/01/2018	26,706,210		1,263,204	1,263,204	25,443,006
06/01/2018			448,664	448,664	24,994,342
07/01/2018			801,186	801,186	24,193,156
08/01/2018			1,068,248	1,068,248	23,124,908
09/01/2018			1,335,311	1,335,311	21,789,597
10/01/2018			1,335,311	1,335,311	20,454,286
11/01/2018			1,362,017	1,362,017	19,092,269
12/01/2018			1,388,723	1,388,723	17,703,546
01/01/2019			1,415,429	1,415,429	16,288,117
02/01/2019			1,442,135	1,442,135	14,845,982
03/01/2019			1,442,135	1,442,135	13,403,847
04/01/2019			1,602,373	1,602,373	11,801,474
05/01/2019			1,602,373	1,602,373	10,199,101
06/01/2019			1,388,723	1,388,723	8,810,378
07/01/2019			1,388,723	1,388,723	7,421,655
08/01/2019			1,388,723	1,388,723	6,032,932
09/01/2019			1,695,844	1,695,844	4,337,088
10/01/2019			1,695,844	1,695,844	2,641,244
11/01/2019			1,695,844	1,695,844	945,400
12/01/2019			945,400	945,400	
	26,706,210	0	26,706,210	26,706,210	

Average Life (years): 0.8858
Arbitrage Yield: 6.1927874%
Value of Negative Arbitrage: 1,394,624.51

Attachment: ECRMC_Series 2018 Revised Detailed Final PHC Bond Numbers_03272018 (2673 : ECRMC Bond Refinancing)

PROJECT FUND**El Centro Regional Medical Center: Limited Public Offering (03/27/2018): PHC Terms****Series 2018 Bonds****Preston Hollow Terms****El Centro Regional Medical Center****Non-Rated, Limited Public Offering****Revised Final Numbers (as of 3/27/2018)****Boiler Plant / Med Air Upgrades**

Date	Deposit	Interest	Principal	Scheduled Draws	Balance
05/01/2018	2,625,000		656,250	656,250	1,968,750
06/01/2018			18,375	18,375	1,950,375
07/01/2018			18,375	18,375	1,932,000
08/01/2018			18,375	18,375	1,913,625
09/01/2018			18,375	18,375	1,895,250
10/01/2018			18,375	18,375	1,876,875
11/01/2018			18,375	18,375	1,858,500
12/01/2018			39,375	39,375	1,819,125
01/01/2019			39,375	39,375	1,779,750
02/01/2019			39,375	39,375	1,740,375
03/01/2019			787,500	787,500	952,875
04/01/2019			262,500	262,500	690,375
05/01/2019			210,000	210,000	480,375
06/01/2019			183,750	183,750	296,625
07/01/2019			131,250	131,250	165,375
08/01/2019			165,375	165,375	
	2,625,000	0	2,625,000	2,625,000	

Average Life (years):	0.7035
Arbitrage Yield:	6.1927874%
Value of Negative Arbitrage:	109,318.82

Attachment: ECRMC_Series 2018 Revised Detailed Final PHC Bond Numbers_03272018 (2673 : ECRMC Bond Refinancing)

PROJECT FUND**El Centro Regional Medical Center: Limited Public Offering (03/27/2018): PHC Terms****Series 2018 Bonds****Preston Hollow Terms****El Centro Regional Medical Center****Non-Rated, Limited Public Offering****Revised Final Numbers (as of 3/27/2018)****Emergency Department Expansion**

Date	Deposit	Interest	Principal	Scheduled Draws	Balance
05/01/2018	6,939,784		741,171	741,171	6,198,613
06/01/2018			194,314	194,314	6,004,299
07/01/2018			20,819	20,819	5,983,480
08/01/2018			20,819	20,819	5,962,661
09/01/2018			20,819	20,819	5,941,842
10/01/2018			20,819	20,819	5,921,023
11/01/2018			20,819	20,819	5,900,204
12/01/2018			20,819	20,819	5,879,385
01/01/2019			20,819	20,819	5,858,566
02/01/2019			69,398	69,398	5,789,168
03/01/2019			277,591	277,591	5,511,577
04/01/2019			346,989	346,989	5,164,588
05/01/2019			346,989	346,989	4,817,599
06/01/2019			402,507	402,507	4,415,092
07/01/2019			471,905	471,905	3,943,187
08/01/2019			555,183	555,183	3,388,004
09/01/2019			555,183	555,183	2,832,821
10/01/2019			555,183	555,183	2,277,638
11/01/2019			485,785	485,785	1,791,853
12/01/2019			464,966	464,966	1,326,887
01/01/2020			485,785	485,785	841,102
02/01/2020			451,086	451,086	390,016
03/01/2020			390,016	390,016	
	6,939,784	0	6,939,784	6,939,784	

Average Life (years): 1.1852
Arbitrage Yield: 6.1927874%
Value of Negative Arbitrage: 480,275.83

Attachment: ECRMC_Series 2018 Revised Detailed Final PHC Bond Numbers_03272018 (2673 : ECRMC Bond Refinancing)

PROJECT FUND**El Centro Regional Medical Center: Limited Public Offering (03/27/2018): PHC Terms****Series 2018 Bonds****Preston Hollow Terms****El Centro Regional Medical Center****Non-Rated, Limited Public Offering****Revised Final Numbers (as of 3/27/2018)****SPC-4D Upgrades**

Date	Deposit	Interest	Principal	Scheduled Draws	Balance
05/01/2018	8,531,108		1,066,390	1,066,390	7,464,718
06/01/2018			213,278	213,278	7,251,440
07/01/2018			213,278	213,278	7,038,162
08/01/2018			213,278	213,278	6,824,884
09/01/2018			85,311	85,311	6,739,573
10/01/2018			85,311	85,311	6,654,262
11/01/2018			85,311	85,311	6,568,951
12/01/2018			85,311	85,311	6,483,640
01/01/2019			85,311	85,311	6,398,329
02/01/2019			85,311	85,311	6,313,018
03/01/2019			85,311	85,311	6,227,707
04/01/2019			85,311	85,311	6,142,396
05/01/2019			853,111	853,111	5,289,285
06/01/2019			853,111	853,111	4,436,174
07/01/2019			853,111	853,111	3,583,063
08/01/2019			853,111	853,111	2,729,952
09/01/2019			853,111	853,111	1,876,841
10/01/2019			682,489	682,489	1,194,352
11/01/2019			682,489	682,489	511,863
12/01/2019			511,863	511,863	
	8,531,108	0	8,531,108	8,531,108	

Average Life (years):	1.0042
Arbitrage Yield:	6.1927874%
Value of Negative Arbitrage:	502,680.50

Attachment: ECRMC_Series 2018 Revised Detailed Final PHC Bond Numbers_03272018 (2673 : ECRMC Bond Refinancing)

PROJECT FUND**El Centro Regional Medical Center: Limited Public Offering (03/27/2018): PHC Terms****Series 2018 Bonds****Preston Hollow Terms****El Centro Regional Medical Center****Non-Rated, Limited Public Offering****Revised Final Numbers (as of 3/27/2018)****Lab Relocation**

Date	Deposit	Interest	Principal	Scheduled Draws	Balance
05/01/2018	3,150,000		302,400	302,400	2,847,600
06/01/2018			6,300	6,300	2,841,300
07/01/2018			6,300	6,300	2,835,000
08/01/2018			6,300	6,300	2,828,700
09/01/2018			6,300	6,300	2,822,400
10/01/2018			6,300	6,300	2,816,100
11/01/2018			31,500	31,500	2,784,600
12/01/2018			3,150	3,150	2,781,450
01/01/2019			31,500	31,500	2,749,950
02/01/2019			378,000	378,000	2,371,950
03/01/2019			472,500	472,500	1,899,450
04/01/2019			472,500	472,500	1,426,950
05/01/2019			472,500	472,500	954,450
06/01/2019			472,500	472,500	481,950
07/01/2019			481,950	481,950	
	3,150,000	0	3,150,000	3,150,000	

Average Life (years): 0.8885
Arbitrage Yield: 6.1927874%
Value of Negative Arbitrage: 165,529.75

Attachment: ECRMC_Series 2018 Revised Detailed Final PHC Bond Numbers_03272018 (2673 : ECRMC Bond Refinancing)

PROJECT FUND**El Centro Regional Medical Center: Limited Public Offering (03/27/2018): PHC Terms****Series 2018 Bonds****Preston Hollow Terms****El Centro Regional Medical Center****Non-Rated, Limited Public Offering****Revised Final Numbers (as of 3/27/2018)****Contingency**

Date	Deposit	Interest	Principal	Scheduled Draws	Balance
05/01/2018	2,970,249.95		2,970,249.95	2,970,249.95	
	2,970,249.95	0	2,970,249.95	2,970,249.95	

Arbitrage Yield: 6.1927874%

Attachment: ECRMC_Series 2018 Revised Detailed Final PHC Bond Numbers_03272018 (2673 : ECRMC Bond Refinancing)

ESCROW REQUIREMENTS

El Centro Regional Medical Center: Limited Public Offering (03/27/2018): PHC Terms
LPO Refund 2018
Preston Hollow Terms
El Centro Regional Medical Center
Non-Rated, Limited Public Offering
Revised Final Numbers (as of 3/27/2018)

Dated Date 04/19/2018
 Delivery Date 04/19/2018

Series 2015A (Fixed)-ACTUAL for Refunding

Period Ending	Interest	Principal Redeemed	Redemption Premium	Total
07/01/2018	90,117.33	22,160,000.00	221,600.00	22,471,717.33
	90,117.33	22,160,000.00	221,600.00	22,471,717.33

ESCROW REQUIREMENTS

El Centro Regional Medical Center: Limited Public Offering (03/27/2018): PHC Terms
LPO Refund 2018
Preston Hollow Terms
El Centro Regional Medical Center
Non-Rated, Limited Public Offering
Revised Final Numbers (as of 3/27/2018)

Dated Date 04/19/2018
 Delivery Date 04/19/2018

Series 2015B (Variable)-ACTUAL for Refunding

Period Ending	Interest	Principal Redeemed	Total
07/01/2018	40,227.30	19,020,000.00	19,060,227.30
	40,227.30	19,020,000.00	19,060,227.30

Attachment: ECRMC_Series 2018 Revised Detailed Final PHC Bond Numbers_03272018 (2673 : ECRMC Bond Refinancing)

ESCROW SUFFICIENCY**El Centro Regional Medical Center: Limited Public Offering (03/27/2018): PHC Terms****Series 2018 Bonds****Preston Hollow Terms****El Centro Regional Medical Center****Non-Rated, Limited Public Offering****Revised Final Numbers (as of 3/27/2018)**

Date	Escrow Requirement	Net Escrow Receipts	Excess Receipts	Excess Balance
07/01/2018	41,531,944.63	41,532,544.63	600.00	600.00
	41,531,944.63	41,532,544.63	600.00	

Attachment: ECRMC_Series 2018 Revised Detailed Final PHC Bond Numbers_03272018 (2673 : ECRMC Bond Refinancing)