



TAHOE FOREST HOSPITAL DISTRICT

2018-09-21 Board Finance Committee

Friday, September 21, 2018 at 10:30 a.m.

Eskridge Conference Room - Tahoe Forest Hospital

10121 Pine Avenue, Truckee, CA 96161

Meeting Book - 2018-09-21 Board Finance Committee

09/21/18 Finance Committee

AGENDA

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ITEMS 1 - 4: See Agenda

5. APPROVAL OF MINUTES

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6. ITEMS FOR COMMITTEE DISCUSSION AND/OR RECOMMENDATION

6.1. Review of Proposed Equipment Financing

6.1.a. Combined Proposal Analysis and Financing Schedule.pdf Page 8

6.1.b. Combined Ratio Information.pdf Page 15

6.1.c. Combined Draft Resolution and Draft Agreements.pdf Page 18

6.2. Financial Report

6.2.1. Financial Report - August 2018.pdf Page 80

6.3. Policy Review

6.3.1. ABD-11 Fiscal Policy.pdf Page 89

6.3.2. ABD-23 Post-Issuance Compliance Procedures for Outstanding Tax-Exempt Bonds.pdf Page 92

7. REVIEW FOLLOW UP ITEMS / BOARD MEETING RECOMMENDATIONS

No related materials.

8. AGENDA INPUT FOR NEXT FINANCE COMMITTEE MEETING / 9. NEXT MEETING DATE

10. ADJOURN



FINANCE COMMITTEE

AGENDA

Friday, September 21, 2018 at 10:30 a.m.
Eskridge Conference Room - Tahoe Forest Hospital
10121 Pine Avenue, Truckee, CA 96161

1. **CALL TO ORDER**
2. **ROLL CALL**
Chuck Zipkin, M.D., Chair; Mary Brown, Board Member
3. **CLEAR THE AGENDA/ITEMS NOT ON THE POSTED AGENDA**
4. **INPUT – AUDIENCE**
This is an opportunity for members of the public to address the Committee on items which are not on the agenda. Please state your name for the record. Comments are limited to three minutes. Written comments should be submitted to the Board Clerk 24 hours prior to the meeting to allow for distribution. Under Government Code Section 54954.2 – Brown Act, the Committee cannot take action on any item not on the agenda. The Committee may choose to acknowledge the comment or, where appropriate, briefly answer a question, refer the matter to staff, or set the item for discussion at a future meeting.
5. **APPROVAL OF MINUTES OF: 03/08/2018** ATTACHMENT
6. **ITEMS FOR COMMITTEE DISCUSSION AND/OR RECOMMENDATION**
 - 6.1. **Review of Proposed Equipment Financing**
 - 6.1.1. Proposed Analysis and Financing Schedule ATTACHMENT
 - 6.1.2. Ratio Information..... ATTACHMENT
 - 6.1.3. Draft Resolution and Draft Agreements..... ATTACHMENT
 - 6.2. **Financial Reports**
 - 6.2.1. Financial Report – August 2018..... ATTACHMENT
 - 6.3. **Policy Review**
 - 6.3.1. ABD-11 Fiscal Policy ATTACHMENT
 - 6.3.2. ABD-23 Post-Issuance Compliance Procedures for Outstanding Tax-Exempt Bonds
..... ATTACHMENT
7. **REVIEW FOLLOW UP ITEMS / BOARD MEETING RECOMMENDATIONS**
8. **AGENDA INPUT FOR NEXT FINANCE COMMITTEE MEETING**
9. **NEXT MEETING DATE**
10. **ADJOURN**

*Denotes material (or a portion thereof) may be distributed later.

Note: It is the policy of Tahoe Forest Hospital District to not discriminate in admissions, provisions of services, hiring, training and employment practices on the basis of color, national origin, sex, religion, age or disability including AIDS and related conditions.

Equal Opportunity Employer. The meeting location is accessible to people with disabilities. Every reasonable effort will be made to accommodate participation of the disabled in all of the District's public meetings. If particular accommodations for the disabled are needed (i.e., disability-related aids or other services), please contact the Executive Assistant at 582-3481 at least 24 hours in advance of the meeting.

FINANCE COMMITTEE

DRAFT MINUTES

Thursday, March 08, 2018 at 9:00 a.m.
Tahoe Conference Room - Tahoe Forest Hospital
10054 Pine Avenue, Truckee, CA 96161

1. CALL TO ORDER

Meeting was called to order at 9:01 a.m.

2. ROLL CALL

Board: Chuck Zipkin, M.D., Chair; Randy Hill, Board Member

Staff in attendance: Harry Weis, Chief Executive Officer; Crystal Betts, Chief Financial Officer; Judy Newland, Chief Operating Officer; Karen Baffone, Chief Nursing Officer; Jaye Chasseur, Controller; Scott Baker, Executive Director of Physician Services; Jeremy Bennett, Director of Revenue Cycle; Martina Rochefort, Clerk of the Board

Other: Director Mary Brown (listened in as a community member)

3. CLEAR THE AGENDA/ITEMS NOT ON THE POSTED AGENDA

No changes were made to the agenda.

4. INPUT – AUDIENCE

No public comment was received.

5. APPROVAL OF MINUTES OF: 02/20/2018

Director Hill approved the Finance Committee minutes of February 20, 2018, seconded by Director Zipkin.

6. ITEMS FOR COMMITTEE DISCUSSION AND/OR RECOMMENDATION

6.1. Financial Reports

6.1.1. Financial Report – January 2018

CFO reviewed the balance sheet for January 2018.

S&P Days Cash on Hand was at 160.

There is \$17,550,403 in the operating accounts. This is up by \$5,000,000 from last month.

\$15,000,000 was transferred out of the District's reserve fund held with LAIF. CFO explained the reason was because of the system conversion and the delay in claims. The decline was expected and built into the budget.

There are old claims still in the legacy system. The new system is not entirely proficient yet but was expected to take longer.

The District adopted a policy that anything older than 120 days gets reserve at 100%. Additional adjustments were made because of the change in payor mix.

The conversion factor is recoverable but will take time. Lower volumes could not be predicted.

CFO stated that going forward the District has its staff working in new system and a third party working on claims in the old system.

Discussion was held about a recent customer service complaint on Facebook and MedAssist.

The District received its first installment of property taxes.

Net Patient Accounts Receivable was \$20,959,801 at the end of January.

Interest payable on the GO Bond dropped after interest payments were made on the bonds.

CFO reviewed Intergovernmental Transfer (IGT) monies:

- For AB915, the District has an annual report it files that is supplemental payment for Medi-Cal. The District had to go back and refile for the Medi-Cal expansion population. The District will receive an additional \$1,537,000 from the fiscal year 2016 filing.
- For the Hospital Quality Assurance (a direct grant) fee, the District did not have to send any money. The receivable was recorded in January.
- The District expects to receive \$3,000,000 from Anthem Blue Cross and \$825,000 from CA Health and Wellness.

For the Medicare interim rate adjustment, every quarter the District sends in its costs which resets the rate they pay us throughout the year. The District booked \$600,000 but received a notice yesterday Medicare will actually pay us \$500,000.

Accounts Payable is up due to the timing of the final check run. Premier is running well with paying bills.

Accrued payroll increased \$647,000 due to additional accrued payroll days in the month. Accrued payroll is what the District thinks it owes if employees were to leave and what we would have to pay out sick leave, etc. The District only accrues for what is vested in. The accruals change when pay increases go into effect. The EA and EAP received their increases on July 1 and then management later in the year which made the liabilities go up. \$5,000,000 of the total amount is made up of personal leave time, etc. A majority of the remainder is the retirement plan payment before it is distributed to the plans.

CFO reviewed the income statement.

Revenue for the Skilled Nursing Facility (SNF) does not go through Mercy Epic. SNF revenue is approximately \$400,000. Accounting has to create a journal entry for their revenue to be added.

The budget was built on CPSI which was not always correct. It took a lot of time to make sure things were correct with the new system.

Inpatient gross revenue was \$138,284 over budget. Outpatient gross revenue was \$464,795 over budget. Ancillary services were \$413,944 under budget.

Currently working with physicians to correct their charging. There has been a delay in Accounts Receivables

and claims going out the door.

Year to date, CPSI has different mapping for the first 4 months of the fiscal year. OSPHD accounting manual says medical supplies sold to patients should be its own cost center. CPSI could not handle this calculation but it is fixed in Mercy Epic.

Contractual allowances was \$1,880,462 better than budget due to IGTs and Medicare interim rate adjustment. Contractual allowances would have been \$10,300,000 but because we got supplemental it was \$7,526,940.

Bad debt YTD was \$733,715, \$1,180,830 better than budget.
We knew we were going to have shift in payor mix.

The prior period settlement line shows payments from previous years and do not show on the contractual allowances line.

Operating revenue was \$2,758,061 under budget year to date and \$5,715,568 better than budget for January. Director Hill asked how much was due to the system conversation. CFO estimated about half.

Operating expenses in January had a positive variance of \$524,241 and year to date positive variance of \$708,120. Operating expenses should stabilize now that we are getting further from go-live.

The Benefits line was negative \$232,085. Some of it has to do with no time off during go-live and wage increases. Payroll Accrual went up quite a bit more than budgeted.

EBIDA in January was up \$6,239,808 and YTD \$2,049,941 under budget. December is usually a good month but volumes did not materialize.

Monies from the AB915 for FY17 will affect prior period settlements. Hospital quality assurance fees will be booked. PRIME money has not been booked yet. PRIME cannot be calculated until the mid-year report is received. The District will also have a year-end report to file. These numbers have been built in the budget but have not yet been booked.

The District should be on budget for gross revenue in February.

January had 1% more in Medi-Cal payors and 1.6% decrease in commercial payors.

Director Zipkin inquired what cash would look like if \$15,000,000 was moved back into LAIF. There would be \$2,500,000 if the funds were moved back to LAIF. The District usually moves \$5,000,000 at a time.

CFO reviewed the Statement of Cash Flows. From a capital standpoint, there were not many adjustments made. Ending cash is projected to be \$68,609,025 and the District expects to have 169 Days Cash On Hand. This will be achieved with expense management and decreased capital spend.

Director Zipkin asked how S&P looks at cash for the bond rating. CFO noted they look at it combined as one. IVCH is similar but on a smaller scale.

Discussion was held on current savings improvements. CEO has asked senior leadership to go to 72 hours for March and April pay periods. Currently, only approve positions will be hired to make sure we have resources in the right spots. CEO is having leadership look at productivity and departmental expenses. CEO wants to set the stage for a good FY19. Board member hope Administration is being thoughtful about rumor control with making cuts on expenses, etc.

January 4th was the day that was the turning point during post go-live. There was \$10,500,000 in the queue for discharged but not final billed. That is now down to approximately \$4,000,000. Finance made tremendous progress to make that go down. \$18,000,000 in clean claims have gone out. The trend is exactly what we want to see.

CFO reviewed professional fees with the committee. Physician fees are 69.3% of our budget. The District has budgeted \$17,400,000 and have spent \$7,740,000 in FY18 so far. Therapists had volumes higher than budgeted in first 6 months of FY18. They are running 22.6% versus 19.1%. Physical therapy has really grown. Outside legal fees have dropped significantly due to having in-house counsel.

7. REVIEW FOLLOW UP ITEMS / BOARD MEETING RECOMMENDATIONS

- asked to follow on page of packet
- explain LAIF
- talk about 3 issues that caused December to have poor financial performance – what happened and why?
- discuss performance improvement plan

8. AGENDA INPUT FOR NEXT FINANCE COMMITTEE MEETING

None.

9. NEXT MEETING DATE

The next Finance Committee meeting will be determined at a later time.

10. ADJOURN

Meeting adjourned at 10:29 a.m.

TO: INTERESTED PARTIES

FROM: GARY HICKS

DATE: SEPTEMBER 19, 2018

**RE: TAHOE FOREST HOSPITAL DISTRICT (THE “DISTRICT”)
EQUIPMENT MUNICIPAL LEASE FINANCING, SERIES 2018
FINANCE SCHEDULE**

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

DATE	TASK TO BE COMPLETED
July 26, 2018 6:00 p.m.	* District Board meeting – review bond financing process, review of Reimbursement Resolution.
August 14, 2018	* Draft RFP approved by District and sent to finance companies.
August 24, 2018	* Proposals received by the District from finance companies.
August 27, 2018	* Analysis of proposals from finance companies provided to the District.
August 29, 2018	* Winning proposal selected by the District. Proposal signed by the District. Finance company begins due diligence work.
September 7, 2018 11:00 a.m.	* Site visit and meeting with Opus Bank at Hospital.
September 18, 2018	* Distribution of first draft of financing documents by bank counsel.
September 20, 2018	Receipt of commitment letter from Opus Bank.
September 21, 2018 9:00 a.m.	Document review and financing update conference call.
September 21, 2018 10:30 a.m.	District Finance Committee meeting – review equipment financing process, proposals received, Opus Bank term sheet and related documents.

**TAHOE FOREST HOSPITAL DISTRICT
EQUIPMENT LEASE FINANCE SCHEDULE
PAGE 2**

September 21, 2018	Deliver Board Resolution, commitment letter and other documents to the District for inclusion in Board packets for upcoming Board meeting.
September 24, 2018	Distribute revised financing documents.
September 25, 2018	Last day to complete due diligence work.
September 26, 2018 3:00 p.m.	Document review and financing update conference call.
September 27, 2018 6:00 p.m.	District Board meeting – review equipment financing process, Financing Resolution, bank term sheet and other related documents. Approve financing.
September 28, 2018	Send revised financing documents to all finance team members.
October 2, 2018	Distribution of closing certificates and documents.
October 5, 2018	Final comments on financing documents and certificates.
October 9, 2018	Final signature ready financing documents and certificates sent to District, Opus Bank and others.
October 16, 2018	Financing documents and certificates signed by all parties.
October 23, 2018 2:00 p.m.	Financing pre-closing conference call.
October 25, 2018	Lease financing closing.
October 25, 2018 6:00 p.m.	District Board meeting – review equipment financing results.

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

* Task Completed.

**TAHOE FOREST HOSPITAL DISTRICT
COMPARISON OF BANK PROPOSALS RECEIVED**

Lender	Loan Amount	Loan Type	Term	Interest Rate	Yield*	Monthly Payment	Legal Fees	Other Fees	Security	Rate Lock	Index	Prepay Terms	Covenants DSCR	Other	Other Provisions
Opus Bank	\$ 8,000,000	Muni Lease	60 Mos.	2.66%	2.74%	\$ 142,544	\$ 15,000	\$ -	Equip.	10/25/2018 (6 Weeks)	(16)	(17)	1.10x	50 days	(14),(18)
Key Govt. Finance	\$ 8,000,000	Muni Lease	60 Mos.	2.99%	3.02%	\$ 143,714	\$ 5,000	\$ -	Equip.	10/24/2018	(3)	(4)	None	None	None
Signature Public Funding	\$ 8,000,000	Muni Lease	60 Mos.	2.98%	3.02%	\$ 143,674	\$ 7,500	\$ -	Equip.	9/28/2018	(15)	1% Anytime	None	None	(14)
	\$ 8,000,000	Muni Lease	36 Mos.	2.83%	2.89%	\$ 232,046	\$ 7,500	\$ -	Equip.	9/28/2018	(15)	1% Anytime	None	None	(14)
Bank of the West	\$ 8,000,000	Muni Lease	60 Mos.	2.85%	2.99%	\$ 143,217	\$ 27,500	\$ -	Equip.	No	(24)	(25)	1.25x	None	(14),(26)
	\$ 8,000,000	Muni Lease	36 Mos.	2.73%	2.96%	\$ 231,699	\$ 27,500	\$ -	Equip.	No	(24)	(25)	1.25x	None	(14),(26)
BMO Harris	\$ 8,000,000	Muni Lease	60 Mos.	3.16%	3.26%	\$ 144,306	\$ 20,000	\$ -	Equip.	10 BP	(9)	(10)	None	None	(11)
	\$ 8,000,000	Muni Lease	36 Mos.	3.05%	3.21%	\$ 232,809	\$ 20,000	\$ -	Equip.		(9)	(10)	None	None	(11)
Wells Fargo Bank	\$ 8,000,000	Muni Lease	60 Mos.	3.24%	3.30%	\$ 144,604	\$ 12,500	\$ -	Equip.	No	(22)	(23)	None	None	(14)
	\$ 8,000,000	Muni Lease	36 Mos.	3.16%	3.26%	\$ 233,214	\$ 12,500	\$ -	Equip.	No	(22)	(23)	None	None	(14)
Siemens Finance	\$ 8,000,000	Muni Lease	60 Mos.	3.28%	3.33%	\$ 144,751	\$ 7,500	\$ 3,000	Equip.	No	(12)	(13)	None	None	(14)
	\$ 8,000,000	Muni Lease	36 Mos.	3.35%	3.43%	\$ 233,868	\$ 7,500	\$ 3,000	Equip.	No	(12)	(13)	None	None	(14)
BofA Merrill Lynch	\$ 8,000,000	Muni Lease	84 Mos.	3.35%	3.37%	\$ 106,973	\$ 6,500	\$ -	Equip.	60-Day	(5)	(6)	None	None	None
BBVA Compass	\$ 8,000,000	Muni Lease	60 Mos.	3.27%	3.38%	\$ 144,711	\$ 22,500	\$ -	Equip.	No	-	N/R	1.25x	60 days	Revenue Fund Pledge & MAC
Umpqua Bank	\$ 8,000,000	Muni Lease	60 Mos.	3.44%	3.44%	\$ 145,319	\$ 500	\$ -	Equip.	No	(7)	(4)	None	None	(8)
	\$ 8,000,000	Muni Lease	36 Mos.	3.44%	3.44%	\$ 234,204	\$ 500	\$ -	Equip.	No	(7)	(4)	None	None	(8)
First Northern Bank	\$ 8,000,000	Muni Lease	60 Mos.	3.24%	3.46%	\$ 144,604	\$ 32,500	\$ 10,000	Equip.	No	(27)	(28)	1.25x	None	
CalFirst National Bank	\$ 8,000,000	Muni Lease	60 Mos.	3.56%	3.60%	\$ 145,749	\$ 7,500	\$ -	Equip.	Fall 2018	(19)	2% Anytime	None	None	(14)
	\$ 8,000,000	Muni Lease	36 Mos.	2.68%	2.74%	\$ 231,523	\$ 7,500	\$ -	Equip.	Fall 2018	(19)	2% Anytime	None	None	(14)
Citizens Asset Finance	\$ 8,000,000	Muni Lease	60 Mos.	3.55%	3.78%	\$ 145,713	\$ 35,000	\$ 10,000	Equip.	No	(1)	(2)	None	None	Revenue Fund Pledge
	\$ 8,000,000	Muni Lease	36 Mos.	3.36%	3.73%	\$ 233,921	\$ 35,000	\$ 10,000	Equip.	No	(1)	(2)	None	None	Revenue Fund Pledge
Western Alliance Bank	\$ 8,000,000	Muni Lease	60 Mos.	3.63%	3.85%	\$ 146,000	\$ 42,500	\$ -	Equip.	2 weeks	(20)	(21)	None	None	(14)

N/A - Not Applicable
N/R - Non Responsive

- (1) Rate based upon the Interpolated 2.5 year and 1.5 year U.S. Constant Treasury SWAP Rate of 2.79% and 2.70% on August 24, 2018. Rate will be adjusted no more than 2 days prior to funding for each basis point change in the yield rate of the Interest Rate Swap with a final maturity equivalent to the average life of the lease.
- (2) Prepayment Option: 5 Yr. Option; Noncallable months 1-12; 3% in months 13-24; 1% in months 37-48; .5% thereafter. 3 Yr. Option; Noncallable months 1-12; 2% in months 13-24, and .5% thereafter.
- (3) KeyCorp Cost of Funds Index as of August 23, 2018, for term equal to the weighted average life of 30 months for this proposal plus a 60-day rate lock premium.
- (4) Callable at par on any date.
- (5) Change in the 30-year SWAP of 2.84% on August 23, 2018. Rate will be adjusted up/down to a ratio of 70 basis points for each 100 basis points change in the SWAP yield.
- (6) Prepayment Option: First 24 months noncallable; 1.5% thereafter on any rental payment date with 30 days notice.
- (7) 79% of 5-yr. and 3-yr. SWAP + 1.50%.
- (8) Other Terms: 36-month term can only be used for software and other soft costs. Rate will lock upon final draw on 12-month escrow account. Term to start after final draw.
- (9) Average life of US SWAP rates of 2.6 and 1.6 years with an interpolated yield of 2.86% and 2.74% for the 5 and 3 year terms on August 24, 2018. Rate will be adjusted up/down in SWAP rate to maintain BMOH's tax effective economic yield in the transaction. Rate lock available for additional 10 basis points to the rate.
- (10) Prepayment Options: Noncallable for the first 24 months and 1% thereafter.
- (11) District will need to hire counsel to write up lease documents and provide tax opinion. 24 month escrow available through BMO Harris and will be paid for by BMO Harris.
- (12) Yield of the 5-yr. & 3-yr. SWAP rate as of August 21, 2018 of 2.8370% and 2.8210%. Rate will be increased by 1 basis point for each basis point increase in the base rate 2 days prior to closing.
- (13) Prepayment Options: Noncallable for the first 12 months and 2% thereafter.
- (14) District will need to obtain tax opinion which was estimated at \$7,500 under legal fees above.
- (15) Based off the average life SWAP rate of 2.60 and 1.56 years as of August 22, 2018, at 2.83% and 2.73%. Rate lock is till estimated close of September 28, 2018.
- (16) 3-yr Treasury rate + 1.00% x .725. If financing does not close in the 5 weeks after acceptance then the rate will be adjusted to reflect market index changes. (requesting 6 weeks)
- (17) Prepayment Options: Noncallable for the first 24 months, 3% in months 1-12, 2% in months 13-24 and .5% thereafter.
- (18) District to deposit \$6,000,000 in an interest bearing escrow account at Opus Bank representing the unfunded balance at closing in the Project Fund.
- (19) Based off the 5-yr and 3-yr US Treasury Interest Rates as of August 21, 2018, at 2.73% and 2.67%, respectively. Rates locked till anticipated funding date of Fall 2018 will be adjusted upward to match increase US Treasury Interest Rates.
- (20) 71% of the sum of the 5-yr LIBOR Interest Rate Swap Rate plus 2.50% as of August 24, 2018. Rate will be locked 2 weeks prior to funding.
- (21) Prepayment Options: Noncallable before Nov. 2020, Nov. 2020 - April 2021 @ 3%, months May 2021 - Oct 2022 @ 2 %, Nov 2022 - April 2023 @ 1% and at par thereafter.
- (22) 60 month Swaps of 2.88% as of August 20, 2018. For every 10 basis point upward/downward movement in the Swap rate there will be a corresponding movement of 8 basis points in the lease rate.
- (23) Prepayment Options: Noncallable in the first 2 years, year 3 @ 3% and at par thereafter.
- (24) Based off of Bank of the West's Internal cost of funds as of August 24, 2018. Rate lock available at no additional cost 1 to 2 weeks prior to funding.
- (25) Prepayment Option: 3% in year 1, 2% in year 2, 1% in year 3 and at par thereafter.
- (26) Bank counsel fees can be capped if requested and estimated \$20,000. Additional debt provision, deposit account with BoTW and significant negative covenants including MAC.
- (27) Based off 5-yr. Treasury constant maturity index + 1.80% x .72. The initial rate will be fixed, based on the index and margin when documents are drawn.
- (28) Prepayment Option: 5% in yr. 1, 4% in yr. 2, 3% in yr. 3, 2% in yr. 4 and 1% in yr. 5.

LETTER OF INTENT
Tahoe Forest Hospital District
8/27/2018

MUNICIPAL LEASE FACILITY:

Borrower:	Tahoe Forest Hospital District
Proposed Lease Amount:	\$8,000,000, of which \$2,000,000 will be funded at close.
Purpose:	To finance scheduled equipment acquisition
Interest Rate:	2.66% (tax-exempt; bank-qualified). The indexing formula is [3 year Treasury +1.00%] * 0.725
Lock period:	6 weeks from date of commitment
Repayment:	Equal monthly lease payments commencing 30 days post-closing.
Maturity:	Five years
Purchase option:	None. The District will own the assets upon full repayment
Restricted Account:	The borrower shall establish an interest bearing (75bps) Restricted Account at Opus Bank with an initial closing deposit of \$6mm. The account shall be in compliance with collateral requirements approved by the State of California. There are no costs to the borrower to establish this account.
Draws:	Upon Borrower's written request for draw (using a form TBD) and Opus Banks' approval, funds will be released for specified equipment purchases within 48 hours. Minimum draw amounts of \$500,000, with no minimum required for the final draw.
Prepayment:	The Credit Facility can be prepaid at any time with the prepayment premium of 3-2-1%, corresponding to each year of the term.
Collateral:	The Credit Facility will be secured by a first perfected priority claim on all equipment purchased. The loan amount shall not exceed 100% of the purchase price of equipment acquired. No additional liens on financed equipment will be permitted.

SUBJECT TO:

- Standard and reasonable representations and warranties of the Borrower for a financing of this type including but not limited to existence and authority, capitalization, accuracy of information presented, no litigation, etc.
- Completion of due diligence and documentation customary for this type of transaction.

COVENANTS AND CONDITIONS:

Financial Reporting:

- Annual audited financial statements
- Annual budget
- Other information as may be determined during due diligence process

Financial and Other Covenants:

- Annual budgeting and appropriation of the lease payments
- Minimum Debt Service Coverage ratio of 1.10x
- Minimum Days on Hand of 50 days

OTHER REQUIREMENTS:

- Borrower is responsible for all costs of issuance, including, but not limited to CDIAC fees, bond counsel and bank's counsel costs. The bank's counsel fees should not exceed \$20,000.
- Failure to provide required financial information will be considered an event of default.
- The default interest rate will be the Interest Rate + 3.00%. The Borrower will be given a reasonable notice and opportunity to cure the default before the default interest rate is assessed. Once an event of default is remedied to mutual satisfaction of the parties, the default interest rate will be removed and the interest will accrue at the Interest Rate.
- Should the Credit Facility become taxable for any reason, the Borrower will be required to pay a taxable rate equivalent (3.67%).
- Opus Bank commitment is targeted to be provided no later than three weeks after Letter of Intent is executed by Borrower. If the letter is executed on August 29, 2018, Opus will target a commitment no later than September 19, 2018.
- Loan closing targeted for October 26, 2018. Should the closing be delayed beyond October 31, 2018, the Bank reserves the right to adjust the interest rate to reflect changes in the market indices.
- Interest rate increases or costs may not be passed through to the Borrower due to any internal or external events whether due to increased cost of capital or corporate tax rate changes.
- The bond counsel shall provide the tax opinion.

DISCLOSURES:

The Bank will book the Credit Facility as a loan, and, therefore, the additional provisions and conditions set forth in this letter shall be included in the documentation, which shall include the following: the Credit Facility will be registered to the Bank, DTC will not be holding the Credit Facility and the Credit Facility will not have a CUSIP; the Credit Facility will not be rated; there will not be a disclosure document; and no amendments to the documents without the Bank's prior consent. The Bank shall not be required to surrender the Credit Facility or assignment thereof for payment of principal, other than for the final payment at maturity thereof.

Inasmuch as the Credit Facility represents a negotiated transaction, the Borrower understands, and hereby confirms, that the Bank is not acting as a fiduciary of the Borrower, but rather is acting solely in its capacity as a lender, for its own account. The Borrower acknowledges and agrees that (i) the transaction contemplated herein is an arm's length commercial transaction between the Borrower and the Bank and its affiliates, (ii) in connection with such transaction, the Bank and its affiliates are acting solely as a principal and not as an advisor including, without limitation, a "Municipal Advisor" as such term is defined in Section 15B of the Securities and Exchange Act of 1934, as amended, and the related final rules (the "Municipal Advisor Rules"), (iii) the Bank and its affiliates are relying on the Bank exemption in the Municipal Advisor Rules, (iv) the Bank and its affiliates have not provided any advice or assumed any advisory or fiduciary responsibility in favor of the Borrower with respect to the transaction contemplated hereby and the discussions, undertakings and procedures leading thereto, (v) the Bank and its affiliates have financial and other interests that differ from those of the Borrower, and (vi) the Borrower has consulted with its own financial, legal, accounting, tax and other advisors, as applicable, to the extent it deemed appropriate.

This letter is provided solely for your information and is delivered to you with the understanding that neither it, nor its substance, shall be disclosed to any third person, except those who are in confidential relationship to you or where same is required by law.

If your application for business credit is denied, you have the right to a written statement of the specific reasons for the denial. To obtain the statement, please contact Opus Bank Loan Servicing Department, 131 West Commonwealth Ave., Fullerton, CA 92832 or by telephone



at (855) 678-7562 within 60 days from the date you are notified of our decision. We will send you a written statement of reasons for the denial within 30 days of receiving your request for the statement.

NOTICE: The federal Equal Credit Opportunity Act prohibits creditors from discriminating against credit applicants on the basis of race, color, religion, national origin, sex, marital status, age (provided the applicant has the capacity to enter into a binding contract); because all or part of the applicant's income derives from any public assistance program; or because the applicant has in good faith exercised any right under the Consumer Credit Protection Act. The federal agency that administers compliance with this law concerning this creditor is: FDIC Consumer Response Center, 1100 Walnut Street, Box #11, Kansas City, MO 64106.

This proposal is for discussion purposes only. It does not represent a commitment to lend on the part of Opus Bank. If the proposal meets with your approval, it is then subject to credit approval based upon due diligence, execution and delivery of all documentation required by the Bank in form and substance satisfactory to Opus Bank and its counsel.

Borrower: Tahoe Forest Hospital District

Crystal Betts
Signature

Date: 8/29/18

Print Name: CRYSTAL BETTS

Title: CFO

**TAHOE FOREST HOSPITAL DISTRICT
SUMMARY OF FINANCIAL STATEMENTS AND RATIO ANALYSIS (000's OMITTED) - NO NEW DEBT**

	2014	2015	2016	2017	Preliminary 2018	Budget 2019	Projected 2020	Projected 2021	Projected 2022	Projected 2023	Projected 2024	Projected 2025	Projected 2026	Projected 2027	Projected 2028
Net Patient Revenue	\$107,664	\$118,955	\$130,395	\$148,296	\$147,672	\$161,482	\$171,218	\$181,414	\$187,564	\$193,677	\$198,813	\$203,696	\$208,257	\$212,421	\$216,102
Tax Revenue	9,647	10,310	10,177	12,877	10,969	12,214	13,141	13,569	14,018	14,483	14,953	15,442	15,937	16,455	17,000
Other Operating Revenue	6,711	6,984	8,026	8,966	10,505	8,857	8,989	9,124	9,261	9,400	9,541	9,684	9,829	9,977	10,127
Total Operating Revenues	124,022	136,249	148,598	170,139	169,146	182,553	193,348	204,107	210,843	217,560	223,307	228,822	234,023	238,853	243,229
Total Operating Expenses	125,658	135,176	137,933	153,987	163,831	180,096	188,701	197,090	202,125	207,284	212,589	218,016	223,591	229,317	235,195
Income from Operations	(1,636)	1,073	10,665	16,152	5,315	2,457	4,647	7,017	8,718	10,276	10,718	10,806	10,432	9,536	8,034
Net Nonoperating Income	987	1,060	1,464	2,312	1,677	2,615	2,655	2,601	2,941	3,023	3,274	3,976	4,334	5,122	5,353
Excess of Revenue Over Expenses	(649)	2,133	12,129	18,464	6,992	5,072	7,302	9,618	11,659	13,299	13,992	14,782	14,766	14,658	13,387
Add Depreciation & Amortization Expense	8,642	9,613	10,280	10,747	11,854	12,720	12,847	12,975	13,105	13,236	13,368	13,502	13,637	13,774	13,911
Add Interest Expense on Revenue Debt	1,751	1,620	1,408	1,260	1,108	1,045	895	837	777	716	652	586	518	448	376
Add Interest Expense on GO Debt	3,639	3,639	2,653	2,720	3,947	3,814	3,625	3,569	3,499	3,409	3,319	3,197	3,066	2,925	2,770
Less GO Bond Ad Valorem Taxes	(4,744)	(4,829)	(4,715)	(5,562)	(3,944)	(4,499)	(5,155)	(5,304)	(5,464)	(5,629)	(5,789)	(5,958)	(6,121)	(6,295)	(6,485)
Less Unrestricted Ad Valorem Taxes	(4,902)	(5,481)	(5,462)	(7,315)	(6,195)	(7,715)	(7,986)	(8,265)	(8,554)	(8,854)	(9,164)	(9,484)	(9,816)	(10,160)	(10,515)
Impairment losses	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
EBIDA	\$13,383	\$17,005	\$26,470	\$33,191	\$23,901	\$22,651	\$24,669	\$26,999	\$29,040	\$30,660	\$31,331	\$32,067	\$31,987	\$31,805	\$30,444
Operating EBIDA	\$12,396	\$15,945	\$25,006	\$30,879	\$22,224	\$20,036	\$22,014	\$24,398	\$26,099	\$27,637	\$28,057	\$28,091	\$27,653	\$26,683	\$25,091
EBIDA Margin	10.8%	12.5%	17.8%	19.5%	14.1%	12.4%	12.8%	13.2%	13.8%	14.1%	14.0%	14.0%	13.7%	13.3%	12.5%
Operating EBIDA Margin	10.0%	11.7%	16.8%	18.1%	13.1%	11.0%	11.4%	12.0%	12.4%	12.7%	12.6%	12.3%	11.8%	11.2%	10.3%
Operating Margin	-1.3%	0.8%	7.2%	9.5%	3.1%	1.3%	2.4%	3.4%	4.1%	4.7%	4.8%	4.7%	4.5%	4.0%	3.3%
Excess Margin	-0.5%	1.6%	8.2%	10.9%	4.1%	2.8%	3.8%	4.7%	5.5%	6.1%	6.3%	6.5%	6.3%	6.1%	5.5%
MADS Coverage Ratio - No Go Bond	3.11x	4.46x	6.95x	9.30x	13.58x	6.34x	14.96x	16.38x	17.65x	18.64x	19.05x	19.49x	19.44x	19.33x	18.51x
MADS Coverage Ratio	1.44x	1.83x	2.85x	3.57x	2.57x	2.33x	2.46x	2.69x	2.89x	3.05x	3.12x	3.19x	3.18x	3.17x	3.03x
Cash and Cash Equivalents	\$10,316	\$11,497	\$12,744	\$11,668	\$17,612	\$13,757	\$14,454	\$15,133	\$15,536	\$15,949	\$16,374	\$16,809	\$17,256	\$17,716	\$18,188
Board Designated Assets	41,414	41,830	55,889	61,244	53,900	51,870	43,575	52,241	49,136	52,339	71,212	75,418	92,138	90,460	106,946
Total Unrestricted Cash	\$51,730	\$53,327	\$68,633	\$72,912	\$71,512	\$65,627	\$58,029	\$67,374	\$64,672	\$68,288	\$87,586	\$92,227	\$109,394	\$108,176	\$125,134
Daily Cash Requirements	\$321	\$344	\$350	\$392	\$416	\$459	\$482	\$504	\$518	\$532	\$546	\$560	\$575	\$591	\$606
Days' Cash on Hand	161.4	155.0	196.2	185.8	171.7	143.1	120.4	133.6	124.9	128.4	160.5	164.6	190.2	183.2	206.4
Net Other Long-term Debt	\$35,347	\$31,571	\$29,238	\$27,930	\$26,150	\$25,883	\$24,393	\$22,855	\$21,267	\$19,628	\$17,937	\$16,190	\$14,386	\$12,524	\$10,600
Net GO Bond Long-term Debt	\$98,445	\$100,225	\$104,111	\$103,136	\$101,991	\$101,703	\$100,561	\$99,175	\$97,520	\$95,572	\$93,334	\$90,768	\$87,868	\$84,615	\$80,977
Unrestricted Net Assets	96,509	98,315	110,385	129,116	135,741	140,813	148,115	157,732	169,391	182,690	196,682	211,462	226,228	240,886	254,273
Total Capital	\$230,301	\$230,111	\$243,734	\$260,182	\$263,882	\$268,399	\$273,069	\$279,762	\$288,178	\$297,890	\$307,953	\$318,420	\$328,482	\$338,025	\$345,850
Unrestricted Cash to L-T Debt - No GO Bond	146.3%	168.9%	234.7%	261.1%	273.5%	253.6%	237.9%	294.8%	304.1%	347.9%	488.3%	569.7%	760.4%	863.7%	1180.5%
Unrestricted Cash to L-T Debt	38.7%	40.5%	51.5%	55.6%	55.8%	51.4%	46.4%	55.2%	54.4%	59.3%	78.7%	86.2%	107.0%	111.4%	136.6%
L-T Debt to Capitalization - No GO Bond	26.8%	24.3%	20.9%	17.8%	16.2%	15.5%	14.1%	12.7%	11.2%	9.7%	8.4%	7.1%	6.0%	4.9%	4.0%
L-T Debt to Capitalization	58.1%	57.3%	54.7%	50.4%	48.6%	47.5%	45.8%	43.6%	41.2%	38.7%	36.1%	33.6%	31.1%	28.7%	26.5%
Net Accounts Receivable	\$21,125	\$17,870	\$16,299	\$18,184	\$23,897	\$25,218	\$25,800	\$26,839	\$27,235	\$27,592	\$27,779	\$27,903	\$28,528	\$29,099	\$29,603
Net Patient Revenue	\$107,664	\$118,955	\$130,395	\$148,296	\$147,672	\$161,482	\$171,218	\$181,414	\$187,564	\$193,677	\$198,813	\$203,696	\$208,257	\$212,421	\$216,102
Days in Accounts Receivable	72	55	30	30	39	38	37	36	35	35	34	33	33	33	33

**TAHOE FOREST HOSPITAL DISTRICT
SUMMARY OF FINANCIAL STATEMENTS AND RATIO ANALYSIS (000's OMITTED) - NEW DEBT \$6 MILLION & \$24 MILLION**

	2014	2015	2016	2017	Preliminary 2018	Budget 2019	Projected 2020	Projected 2021	Projected 2022	Projected 2023	Projected 2024	Projected 2025	Projected 2026	Projected 2027	Projected 2028
Net Patient Revenue	\$107,664	\$118,955	\$130,395	\$148,296	\$147,672	\$161,482	\$171,218	\$181,414	\$187,564	\$193,677	\$198,813	\$203,696	\$208,257	\$212,421	\$216,102
Tax Revenue	9,647	10,310	10,177	12,877	10,969	12,214	13,141	13,569	14,018	14,483	14,953	15,442	15,937	16,455	17,000
Other Operating Revenue	6,711	6,984	8,026	8,966	10,505	8,857	8,989	9,124	9,261	9,400	9,541	9,684	9,829	9,977	10,127
Total Operating Revenues	124,022	136,249	148,598	170,139	169,146	182,553	193,348	204,107	210,843	217,560	223,307	228,822	234,023	238,853	243,229
Total Operating Expenses	125,658	135,176	137,933	153,987	163,831	180,244	188,863	197,512	203,405	208,519	213,791	219,216	224,791	230,517	236,395
Income from Operations	(1,636)	1,073	10,665	16,152	5,315	2,309	4,485	6,595	7,438	9,041	9,516	9,606	9,232	8,336	6,834
Net Nonoperating Income	987	1,060	1,464	2,312	1,677	2,615	2,745	2,685	2,992	3,559	3,817	4,545	4,921	5,719	5,947
Excess of Revenue Over Expenses	(649)	2,133	12,129	18,464	6,992	4,924	7,230	9,280	10,430	12,600	13,333	14,151	14,153	14,055	12,781
Add Depreciation & Amortization Expense	8,642	9,613	10,280	10,747	11,854	12,720	12,847	12,975	13,105	13,236	13,368	13,502	13,637	13,774	13,911
Add Interest Expense on Revenue Debt	1,751	1,620	1,408	1,260	1,108	1,193	1,057	1,259	2,057	1,951	1,854	1,786	1,718	1,648	1,576
Add Interest Expense on GO Debt	3,639	3,639	2,653	2,720	3,947	3,814	3,625	3,569	3,499	3,409	3,319	3,197	3,066	2,925	2,770
Less GO Bond Ad Valorem Taxes	(4,744)	(4,829)	(4,715)	(5,562)	(3,944)	(4,499)	(5,155)	(5,304)	(5,464)	(5,629)	(5,789)	(5,958)	(6,121)	(6,295)	(6,485)
Less Unrestricted Ad Valorem Taxes	(4,902)	(5,481)	(5,462)	(7,315)	(6,195)	(7,715)	(7,986)	(8,265)	(8,554)	(8,854)	(9,164)	(9,484)	(9,816)	(10,160)	(10,515)
Impairment losses	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
EBIDA	\$13,383	\$17,005	\$26,470	\$33,191	\$23,901	\$22,651	\$24,759	\$27,083	\$29,091	\$31,196	\$31,874	\$32,636	\$32,574	\$32,402	\$31,038
Operating EBIDA	\$12,396	\$15,945	\$25,006	\$30,879	\$22,224	\$20,036	\$22,014	\$24,398	\$26,099	\$27,637	\$28,057	\$28,091	\$27,653	\$26,683	\$25,091
EBIDA Margin	10.8%	12.5%	17.8%	19.5%	14.1%	12.4%	12.8%	13.3%	13.8%	14.3%	14.3%	14.3%	13.9%	13.6%	12.8%
Operating EBIDA Margin	10.0%	11.7%	16.8%	18.1%	13.1%	11.0%	11.4%	12.0%	12.4%	12.7%	12.6%	12.3%	11.8%	11.2%	10.3%
Operating Margin	-1.3%	0.8%	7.2%	9.5%	3.1%	1.3%	2.3%	3.2%	3.5%	4.2%	4.3%	4.2%	3.9%	3.5%	2.8%
Excess Margin	-0.5%	1.6%	8.2%	10.9%	4.1%	2.7%	3.7%	4.5%	4.9%	5.8%	6.0%	6.2%	6.0%	5.9%	5.3%
MADS Coverage Ratio - No Go Bond	3.11x	4.46x	6.95x	9.30x	13.58x	6.34x	5.95x	6.51x	7.00x	7.51x	8.29x	8.49x	8.47x	8.43x	8.07x
MADS Coverage Ratio	1.44x	1.83x	2.85x	3.57x	2.57x	2.33x	2.20x	2.41x	2.59x	2.78x	2.84x	2.90x	2.90x	2.88x	2.76x
Cash and Cash Equivalents	\$10,316	\$11,497	\$12,744	\$11,668	\$17,612	\$13,769	\$14,467	\$15,167	\$15,641	\$16,051	\$16,473	\$16,908	\$17,355	\$17,814	\$18,286
Board Designated Assets	41,414	41,830	55,889	61,244	53,900	55,876	47,337	54,459	72,832	73,943	91,832	94,901	110,405	107,323	122,203
Total Unrestricted Cash	\$51,730	\$53,327	\$68,633	\$72,912	\$71,512	\$69,645	\$61,804	\$69,626	\$88,473	\$89,994	\$108,305	\$111,809	\$127,760	\$125,137	\$140,489
Daily Cash Requirements	\$321	\$344	\$350	\$392	\$416	\$459	\$482	\$506	\$521	\$535	\$549	\$564	\$579	\$594	\$610
Days' Cash on Hand	161.4	155.0	196.2	185.8	171.7	151.7	128.2	137.7	169.7	168.2	197.2	198.4	220.8	210.7	230.5
Net Other Long-term Debt	\$35,347	\$31,571	\$29,238	\$27,930	\$26,150	\$29,902	\$27,223	\$48,455	\$45,593	\$43,629	\$41,437	\$39,090	\$36,486	\$33,624	\$31,700
Net GO Bond Long-term Debt	\$98,445	\$100,225	\$104,111	\$103,136	\$101,991	\$101,703	\$100,561	\$99,175	\$97,520	\$95,572	\$93,334	\$90,768	\$87,868	\$84,615	\$80,977
Unrestricted Net Assets	96,509	98,315	110,385	129,116	135,741	140,665	147,895	157,176	167,606	180,205	193,537	207,687	221,841	235,896	248,676
Total Capital	\$230,301	\$230,111	\$243,734	\$260,182	\$263,882	\$272,270	\$275,679	\$304,806	\$310,719	\$319,406	\$328,308	\$337,545	\$346,195	\$354,135	\$361,353
Unrestricted Cash to L-T Debt - No GO Bond	146.3%	168.9%	234.7%	261.1%	273.5%	232.9%	227.0%	143.7%	194.0%	206.3%	261.4%	286.0%	350.2%	372.2%	443.2%
Unrestricted Cash to L-T Debt	38.7%	40.5%	51.5%	55.6%	55.8%	52.9%	48.4%	47.2%	61.8%	64.7%	80.4%	86.1%	102.7%	105.8%	124.7%
L-T Debt to Capitalization - No GO Bond	26.8%	24.3%	20.9%	17.8%	16.2%	17.5%	15.5%	23.6%	21.4%	19.5%	17.6%	15.8%	14.1%	12.5%	11.3%
L-T Debt to Capitalization	58.1%	57.3%	54.7%	50.4%	48.6%	48.3%	46.4%	48.4%	46.1%	43.6%	41.1%	38.5%	35.9%	33.4%	31.2%
Net Accounts Receivable	\$21,125	\$17,870	\$16,299	\$18,184	\$23,897	\$25,218	\$25,800	\$26,839	\$27,235	\$27,592	\$27,779	\$27,903	\$28,528	\$29,099	\$29,603
Net Patient Revenue	\$107,664	\$118,955	\$130,395	\$148,296	\$147,672	\$161,482	\$171,218	\$181,414	\$187,564	\$193,677	\$198,813	\$203,696	\$208,257	\$212,421	\$216,102
Days in Accounts Receivable	72	55	30	30	39	38	37	36	35	35	34	33	33	33	33

	Standard & Poor's Stand-Alone All Hospitals Median Ratios								Comparatives for Tahoe Forest Hospital District		
	BBB-	BBB	BBB+	A-	A	A+	AA-	AA+	BBB- Good	Better	AA+ Best
EBIDA Margin	8.0%	8.8%	10.2%	11.4%	11.2%	12.7%	12.6%	15.3%	8.0%	11.2%	15.3%
Operating EBIDA Margin	7.1%	7.7%	8.4%	9.6%	9.4%	11.0%	10.1%	13.5%	7.1%	9.4%	13.5%
Operating Margin	0.3%	1.2%	1.4%	2.7%	2.8%	3.5%	3.5%	7.1%	0.3%	2.5%	7.1%
Excess Margin	1.0%	2.3%	3.7%	3.9%	4.8%	6.0%	6.3%	9.4%	1.0%	4.5%	9.4%
Days' Cash on Hand	129.1	167.3	183.7	214.0	239.6	314.4	314.1	372.9	129.1	238.9	372.9
Days in Accounts Receivable	51.1	44.1	44.7	47.4	46.0	49.7	51.8	50.3	51.1	47.3	50.3
L-T Debt to Capital	41.6%	38.3%	29.6%	34.8%	27.0%	24.0%	21.3%	19.0%	41.6%	29.2%	19.0%
MADS Coverage Ratio (x)	2.3	2.7	3.0	3.9	4.7	4.8	6.1	7.3	2.3	4.2	7.3
Unrestricted Cash to Debt	100.3%	140.3%	159.4%	139.5%	213.2%	235.6%	248.2%	327.9%	100.3%	189.4%	327.9%

U.S. Not-For-Profit Acute Health Care Stand-Alone Hospital Median Financial Ratios 2016 vs. 2015 - August 24, 2017

RESOLUTION NO. 2018-08

A RESOLUTION OF THE BOARD OF DIRECTORS OF TAHOE FOREST HOSPITAL DISTRICT, AUTHORIZING THE EXECUTION AND DELIVERY OF A MASTER INSTALLMENT PURCHASE AGREEMENT WITH OPUS BANK, AS SELLER, AND SEPARATE SCHEDULES THERETO FOR THE ACQUISITION, PURCHASE, FINANCING AND INSTALLMENT PURCHASE OF CERTAIN EQUIPMENT WITHIN THE TERMS HEREIN PROVIDED; AUTHORIZING THE EXECUTION AND DELIVERY OF OTHER DOCUMENTS REQUIRED IN CONNECTION THEREWITH; AND AUTHORIZING ALL OTHER ACTIONS NECESSARY TO THE CONSUMMATION OF THE TRANSACTIONS CONTEMPLATED BY THIS RESOLUTION.

WHEREAS, Tahoe Forest Hospital District (the "*Purchaser*"), a body corporate and politic duly organized and existing under the laws of the State of California, is authorized by the laws of the State of California to purchase, acquire and lease personal property (tangible and intangible) and other equipment that may become fixtures after installation for the benefit of the Purchaser, its patients and residents and to enter into contracts with respect thereto; and

WHEREAS, the governing body of the Purchaser (the "*Board*") has determined that a need exists for the acquisition, purchase and financing of certain property consisting of surgical, medical, diagnostic imaging, laboratory, information technology, therapy, dietary, and other medical related and hospital based equipment (collectively, the "*Equipment*") on the terms herein provided; and

WHEREAS, in order to acquire such Equipment, the Purchaser proposes to enter into that certain Master Installment Purchase Agreement (the "*Agreement*") with Opus Bank (or one of its affiliates), as seller (the "*Seller*"), substantially in the proposed form presented to the Board at this meeting, and separate Schedules thereto substantially in the form attached to the Agreement; and

WHEREAS, the Board deems it for the benefit of the Purchaser and for the efficient and effective administration thereof to enter into the Agreement and separate Schedules relating thereto from time to time as provided in the Agreement for the purchase, acquisition, financing and leasing of the Equipment to be therein described on the terms and conditions therein and herein provided;

NOW, THEREFORE, BE IT AND IT IS HEREBY RESOLVED by the governing body of the Purchaser as follows:

Section 1. Findings and Determinations. It is hereby found and determined that the terms of the Agreement (including the form of Equipment Schedule and the form of Payment Schedule, both attached thereto), in the form presented to the Board at this meeting, are in the best interests of the Purchaser for the acquisition, purchase, financing and leasing of the Equipment.

Section 2. Approval of Documents. The form, terms and provisions of the Agreement (including the form of Equipment Schedule No. 01 with the form of Payment Schedule for said schedule, both attached thereto) are hereby approved in substantially the forms presented at this meeting, with such insertions, omissions and changes as shall be approved by the Chief Executive Officer or the Chief Financial Officer of the Purchaser (the "*Authorized Officials*") executing the same, the execution of such documents being conclusive evidence of such approval. The Authorized Officials are each hereby authorized and directed to sign and deliver on behalf of the Purchaser the Agreement, each Schedule thereto under which a separate Contract (as defined in the Agreement) is created, each Payment Schedule attached thereto and any related exhibits attached thereto if and when required; *provided, however*, that, without further authorization from the Board, (a) the aggregate principal component of Rental Payments under all Contracts entered into pursuant to the Agreement shall not exceed \$8,000,000.00; (b) the maximum term under any Contract entered into pursuant to the Agreement shall not exceed five years; and (c) the maximum interest rate used to determine the interest component of Rental Payments under each Contract shall not exceed the lesser of the maximum rate permitted by law or ten percent (10%) per annum. The Authorized Officials may sign and deliver Contracts to the Seller on behalf of the Purchaser pursuant to the Agreement on such terms and conditions as they shall determine are in the best interests of the Purchaser up to the maximum aggregate principal component, maximum term and maximum interest rate provided above. The foregoing authorization shall remain in effect for a period of two years from the date hereof during which the Authorized Officials are authorized to sign and deliver Contracts pursuant to the Agreement on the terms and conditions herein provided and to be provided in each such Contract.

Section 3. Other Actions Authorized. The officers and employees of the Purchaser shall take all action necessary or reasonably required by the parties to the Agreement to carry out, give effect to and consummate the transactions contemplated thereby (including the execution and delivery of Final Acceptance Certificates, Escrow Agreements and any tax certificate and agreement, as contemplated in the Agreement) and to take all action necessary in conformity therewith, including, without limitation, the execution and delivery of any closing and other documents required to be delivered in connection with the Agreement and each Contract.

Section 4. Appointment of Authorized Purchaser Representatives. The Chief Executive Officer and the Chief Financial Officer of the Purchaser are each hereby designated to act as authorized representatives of the Purchaser for purposes of each Contract and the related Escrow Agreement, if any, until such time as the Board shall designate any other or different authorized representative for purposes of the Agreement and any Contract or Escrow Agreement.

Section 5. Official Intent. Purchaser reasonably expects to reimburse capital expenditures described herein, costs of issuance or an expenditure described in Treasury Regulation Section 1.150-2(d)(3) promulgated under the Internal Revenue Code of 1986, as amended, (the "Code") with the proceeds of the Contracts. The reimbursed expenditures have been paid not more than 60 days prior to the date of this Resolution or any reimbursement resolution approved by the Board. The maximum principal component of Reimbursement Lease expected to be issued is \$8,000,000. The expenditures with respect to which Purchaser reasonably expects to be reimbursed

from the proceeds of Contracts are for the acquisition of the Equipment. Purchaser shall allocate on its books the Contract proceeds to the expenditures described herein within 18 months after the later of the date the original expenditure is paid or the date the Equipment is placed in service but not more than three years after the original expenditure is paid.

Section 6. Severability. If any section, paragraph, clause or provision of this Resolution shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Resolution.

Section 7. Effective Date. This Resolution shall be effective immediately upon its approval and adoption.

PASSED AND ADOPTED at a regular meeting of the Board of Directors of the Tahoe Forest Hospital District duly called and held in the District this 27th day of September, 2018 by the following vote:

AYES:
NOES:
ABSTAIN:
ABSENT:

APPROVED:

DALE CHAMBLIN
President, Board of Directors
Tahoe Forest Hospital District

The undersigned, a duly elected or appointed and acting Board Secretary of the Purchaser identified in the above Resolution No. 2018-08 (the "*Resolution*"), hereby certifies that the Resolution is a full, true and correct copy of such Resolution as adopted by the governing body of the Purchaser on September 27, 2018. The Resolution is in full force and effect on the date hereof and has not been amended, modified or otherwise changed by the Board since the date of adoption of the Resolution.

DATED this ____ day of September, 2018.

Alyce Wong, Secretary of the Board

OPUS BANK

MASTER INSTALLMENT PURCHASE AGREEMENT

(Contract No. <27>)

This **MASTER INSTALLMENT PURCHASE AGREEMENT** (the “Agreement”), dated as of October 1, 2018, is made and entered into by and between **OPUS BANK**, a California commercial bank, as seller (“Seller”), and **TAHOE FOREST HOSPITAL DISTRICT**, a political subdivision of the State or Commonwealth of California, as purchaser (“Purchaser”).

In consideration of the mutual covenants herein contained, the parties hereto agree as follows:

ARTICLE I. DEFINITIONS

Section 1.1 Definitions. The following terms have the meanings specified below.

“Acceptance Certificate” means an acceptance certificate in the form attached to any applicable Equipment Schedule.

“Agreement” means this Master Installment Purchase Agreement, including all exhibits and schedules attached hereto.

“Contract” means, with respect to each Equipment Group, this Agreement and the Equipment Schedule relating thereto, which together shall constitute a separate contract between Seller and Purchaser relating to such Equipment Group.

“Contract Date” means, with respect to each Contract, the date so designated in the related Equipment Schedule. The parties agree that the Contract Date for each Contract will be the date the proceeds of the Contract are disbursed by Seller, either to Purchaser, into a Restricted Account or into escrow. Purchaser hereby authorizes Seller to insert each such date as the Contract Date on the applicable Equipment Schedule and in any other documents and instruments relating to the Contract.

“Code” means the Internal Revenue Code of 1986, as amended, together with Treasury Regulations promulgated from time to time thereunder.

“Equipment” means all items of property described in Equipment Schedules and subject to this Agreement, and all replacements, repairs, substitutions, restorations, accessions, modifications and improvements thereof or thereto made pursuant to this Agreement.

“Equipment Group” means each group of Equipment listed in a single Equipment Schedule.

“Equipment Schedule” means an Equipment Schedule in substantially the form attached hereto as Exhibit A, including all exhibits and schedules attached thereto. Each Equipment Schedule shall be numbered sequentially, beginning with Equipment Schedule No. 1.

“Event of Default” has the meaning given in Section 12.1.

“Indenture” means the Indenture, dated July 1, 1999, between the Purchaser and BNY Western Trust Company, as trustee, as may be amended or restated from time to time.

“Installment Payment” means each payment due from Purchaser to Seller on a Payment Date.

“Net Proceeds” means the amount remaining from the gross proceeds of any insurance claim, condemnation award or sale under threat of condemnation after deducting all expenses, including attorneys' fees, incurred in the collection thereof.

“Payment Date” means each date upon which an Installment Payment is due and payable as provided in a Payment Schedule.

“Payment Schedule” means the schedule of Installment Payments attached to an Equipment Schedule.

“Prepayment Price” means, with respect to a Contract that is by its terms prepayable, the amount so designated and set forth opposite a Payment Date in a Payment Schedule relating to such Contract indicating the amount for which Purchaser may purchase the related Equipment Group as of such Payment Date after making the Installment Payment due on such Payment Date.

“Restricted Account” means a Seller-controlled interest bearing account in the name of the Purchaser established at Seller for deposit of the proceeds of an Equipment Schedule.

“Specifications” means the bid or purchase order specifications pursuant to which Purchaser has ordered any Equipment from a Vendor.

“State” means the state or commonwealth in which Purchaser is situated.

“Term” means with respect to a Contract, the Term set forth in the Equipment Schedule for such Contract.

“Vendor” means each of the manufacturers or vendors from which Purchaser has ordered or with which Purchaser has contracted for the manufacture, delivery and/or installation of the Equipment.

Section 1.2 Equipment Schedules Separate Financings. Each Equipment Schedule executed and delivered under this Agreement shall be a separate Contract, distinct from other Equipment Schedules. Without limiting the foregoing, upon the occurrence of an Event of Default with respect to an Equipment Schedule, Seller shall have the rights and remedies specified herein with respect to the Equipment Group described in and the Installment Payments under the Equipment Schedule, and Seller shall have no rights or remedies with respect to Equipment Groups or Installment Payments under any other Equipment Schedules unless an Event of Default has also occurred under such other Equipment Schedules.

ARTICLE II. SALE AND PURCHASE OF EQUIPMENT

Section 2.1 Sale and Purchase. Seller hereby sells the Equipment to Purchaser, and Purchaser hereby purchases the Equipment from Seller, upon the terms and conditions set forth herein and in the applicable Equipment Schedule.

Section 2.2 Delivery, Installation and Acceptance of Equipment. Purchaser shall order each Equipment Group, shall cause the Equipment to be delivered and installed at the locations specified under the applicable Equipment Schedule and shall pay all taxes, delivery costs and installation costs, if any, in connection therewith. To the extent funds are deposited under an escrow agreement for the acquisition of the Equipment, such funds shall be disbursed as provided therein. The insufficiency of proceeds of any Contract to pay all costs of the Equipment Group subject thereto shall not affect Purchaser’s obligations under this Section. When the Equipment Group described in such Equipment Schedule is delivered, installed and accepted as to the Specifications, Purchaser shall promptly execute and deliver to Seller an Acceptance Certificate for the Equipment Group.

ARTICLE III. TERM

Section 3.1 Term. The term of each Contract shall commence on the Contract Date set forth in the applicable Equipment Schedule and shall terminate upon payment of the final Installment Payment thereunder, unless sooner terminated pursuant to this Agreement or the Equipment Schedule.

Section 3.2 Installment Payments to Constitute Binding Obligation. Seller and Purchaser understand and intend that the obligation of Purchaser to pay Installment Payments under this Agreement and each Equipment Schedule executed and delivered hereunder shall constitute a binding contractual obligation of Purchaser for the full Term of each such Contract. Purchaser covenants to include all such Installment Payments due under the Contracts in its annual budget and to make the necessary annual appropriation for all such Installment Payments. Neither this Agreement nor any Contract shall be subject to termination by Purchaser in the event that Purchaser fails to appropriate any Installment Payments.

ARTICLE IV. INSTALLMENT PAYMENTS

Section 4.1 Installment Payments. Purchaser agrees to pay the Installment Payments due as specified in the Payment Schedule in Exhibit 1 to each Equipment Schedule. A portion of each Installment Payment is paid as interest as specified in the Payment Schedule for each Contract, and the first Installment Payment will include interest accruing from the date specified in the Equipment Schedule. All Installment Payments shall be paid to Seller, or to such assignee(s) Seller has assigned as stipulated in Article XI, at such places as Seller or such assignee(s) may from time to time designate by written notice to Purchaser. Purchaser shall pay the Installment Payments with lawful money of the United States of America from moneys legally available therefor.

Section 4.2 Unconditional Installment Payments. Purchaser’s obligation to make Installment Payments and any other payments hereunder shall be absolute and unconditional; Purchaser shall make these payments when due and shall not withhold any of these payments pending final resolution of any disputes; Purchaser shall not assert any right of set-off or counterclaim against its obligation to make these payments; Purchaser’s obligation to make Installment Payments or other payments shall not be abated through accident, unforeseen circumstances, failure of the Equipment to perform as desired, damage or destruction to the Equipment, loss of possession of the Equipment or obsolescence of the Equipment; Purchaser shall be obligated to continue to make payments required of it by this Agreement if title to, or temporary use of, the Equipment or any part thereof shall be taken under exercise of the power of eminent domain.

ARTICLE V. PAYMENT AND PREPAYMENT

Section 5.1 Option to Prepay.

(a) Purchaser shall have the option to prepay its obligations under any Contract in whole but not in part on any Payment Date as set forth in the Payment Schedule to the Equipment Schedule for such Contract, but only if and to the extent the Equipment Schedule provides for such prepayment. Purchaser shall give notice to Seller of its intention to exercise its option not less than thirty (30) days prior to the Payment Date on which the option will be exercised and shall pay to Seller not later than such Payment Date an amount equal to all Installment Payments and any other amounts then due or past due under the Contract (including the Installment Payment due on the Payment Date on which the option shall be effective and the applicable Prepayment Price set forth in the Payment Schedule). In the event that all such amounts are not received by Seller on such Payment Date, such notice by Purchaser of exercise of its option to prepay shall be void and the Contract shall continue in full force and effect.

(b) Purchaser shall have the option to prepay its obligations under any Contract in whole or in part on the Payment Date immediately following the date of the prepayment notice given by Purchaser pursuant to Section 7.4 from the Net Proceeds of any insurance claim, condemnation award or sale under threat of condemnation relating to the Equipment Group subject to such Contract. Seller shall be entitled to receive a prepayment fee equal to three percent (3%) of the amount being prepaid. Any amounts paid pursuant to this Section 5.1(b) shall be applied first to unpaid fees (including the prepayment fee), late charges and collection costs, if any, which have accrued under the Contract, then to overdue Installment Payments, and then proportionately to the principal component of each Installment Payment thereunder due under the Contract. If the Contract is being prepaid in part, Seller shall provide Purchaser with a revised Payment Schedule which shall reflect the revised principal balance and the reduced Installment Payments under the Contract.

(c) Purchaser's obligations under a Contract shall be prepaid in part from the excess proceeds of the Contract on the terms set forth in any escrow agreement pursuant to which the proceeds of the Contract are being held.

Section 5.2 Release of Seller's Interest. Upon timely receipt, in collected funds, of all Installment Payments under a Contract, or the prepayment in whole of any Contract pursuant to Section 5.1, such Contract shall terminate, all of Seller's right, title and interest in and to the Equipment Group will terminate, and Seller shall deliver to Purchaser all such documents and instruments as Purchaser may reasonably require to evidence the termination of the Contract and Seller's interest in the Equipment Group, without warranty by or recourse to Seller.

ARTICLE VI. REPRESENTATIONS, WARRANTIES AND TAX COVENANTS

Section 6.1 Representations and Warranties of Purchaser. Purchaser shall be deemed to make the following representations and warranties to Seller with respect to each Contract, in each case as of the Contract Date for such Contract::

(a) Purchaser is a state or political subdivision of the State within the meaning of Section 103(c) of the Code, duly organized and existing under the Constitution and laws of the State, and is authorized under the Constitution and laws of the State to enter into this Agreement, the Contract and the transactions contemplated hereby and thereby, and to perform all of its obligations under this Agreement and the Contract.

(b) The execution and delivery of this Agreement and the Equipment Schedule have been duly authorized by all necessary action of Purchaser's governing body and such action is in compliance with all public bidding and other State and federal laws applicable to this Agreement and the acquisition and financing of the Equipment by Purchaser.

(c) This Agreement and the Equipment Schedule have been duly executed and delivered by and constitute the valid and binding obligations of Purchaser, enforceable against Purchaser in accordance with their respective terms.

(d) The execution, delivery and performance of this Agreement and the Equipment Schedule by Purchaser does not (i) violate any State or federal law or local law or ordinance, or any order, writ, injunction, decree, or regulation of any court or other governmental agency or body applicable to Purchaser, or (ii) conflict with or result in the breach or violation of any term or provision of, or constitute a default under, any note, bond, mortgage, indenture, agreement, deed of trust, lease or other obligation to which Purchaser is bound.

(e) There is no action, suit, proceeding, claim, inquiry or investigation, at law or in equity, before or by any court, regulatory agency, public board or body pending or, to the best of Purchaser's knowledge, threatened against or affecting Purchaser, challenging Purchaser's authority to enter into this Agreement or the Equipment Schedule or any other action wherein an unfavorable ruling or finding would adversely affect the enforceability of this Agreement or the Equipment Schedule.

(f) Except as otherwise disclosed in writing by Purchaser to Seller, no lease, rental agreement, lease-purchase agreement, payment agreement or contract for purchase to which Purchaser has been a party at any time during the past ten (10) years has been terminated by Purchaser as a result of insufficient funds being appropriated in any budget year, and no event has

occurred which would constitute an event of default under any debt, revenue bond or obligation which Purchaser has issued during the past ten (10) years.

(g) Purchaser or Purchaser's governing body has appropriated and/or taken other lawful actions necessary to provide moneys sufficient to pay all Installment Payments during the current budget year, and such moneys will be applied in payment of all Installment Payments due and payable during such current budget year.

(h) Purchaser has an immediate need for, and expects to make immediate use of, the Equipment, which need is not temporary or expected to diminish during the applicable Contract Term.

(i) Purchaser's exact legal name is as set forth on the first page of this Agreement.

Section 6.2 Tax Related Representations, Warranties and Covenants. Purchaser shall be deemed to make the following representations and warranties to, and covenants with, Seller with respect to each Contract, in each case as of the Contract Date for such Contract:

(a) Purchaser will comply with all applicable provisions of the Code, including Sections 103 and 148 thereof, and the regulations of the Treasury Department thereunder, from time to time proposed or in effect, in order to maintain the excludability from gross income for federal income tax purposes of the interest component of Installment Payments under the Contract and will not use or permit the use of the Equipment in such a manner as to cause the Contract to be a "private activity bond" under Section 141(a) of the Code. Purchaser covenants and agrees that it will use the proceeds of the Contract as soon as practicable and with all reasonable dispatch for the purpose for which the Equipment Schedule has been entered into, and that no part of the proceeds of any Contract shall be invested in any securities, obligations or other investments except for the temporary period pending such use nor used, at any time, directly or indirectly, in a manner which, if such use had been reasonably anticipated on the Contract Date, would have caused any portion of the Contract to be or become "arbitrage bonds" within the meaning of Section 103(b)(2) or Section 148 of the Code and the regulations of the Treasury Department thereunder proposed or in effect at the time of such use and applicable to obligations issued on Contract Date.

(b) (i) the estimated total costs, including taxes, freight, installation, cost of issuance, of the Equipment under the Contract will not be less than the total principal amount of the Installment Payments; (ii) the Equipment under the Contract has been ordered or is expected to be ordered within six months after the Contract Date and the Equipment is expected to be delivered and installed, and the Vendor fully paid, within eighteen months from the Contract Date; (iii) Purchaser will pursue the acquisition of the Equipment and the expenditure of the net proceeds of the Contract with due diligence; (iv) Purchaser has not created or established, and does not expect to create or establish, any sinking fund or other similar fund (A) that is reasonably expected to be used to pay the Installment Payments under the Contract, or (B) that may be used solely to prevent a default in the payment of the Installment Payments under the Contract; (v) the Equipment under the Contract has not been and is not expected to be sold or otherwise disposed of by Purchaser, either in whole or in major part, prior to the last maturity of the Installment Payments under the Contract; (vi) there are no other obligations of Purchaser which (A) are being sold within 15 days of the Contract Date of the Contract, or (B) are being sold pursuant to the same plan of financing as the Contract, and (C) are expected to be paid from substantially the same source of funds; (vii) the officer or official who has executed the Equipment Schedule on Purchaser's behalf is familiar with Purchaser's expectations regarding the use and expenditure of the proceeds of the Contract. To the best of Purchaser's knowledge, information and belief, the facts and estimates set forth in this Section 6.2(b) are accurate and the expectations of Purchaser set forth in this Section 6.2(b) are reasonable. The representations, warranties and covenants set forth in this Section 6.2(b) are superseded by the representations, warranties and covenants set forth in any arbitrage or tax certificate executed and delivered by Purchaser in connection with the Contract.

Section 6.3 Tax Changes.

(a) If Seller either (i) receives notice, in any form, from the Internal Revenue Service or (ii) reasonably determines, based on an opinion of independent tax counsel selected by Seller, that Seller may not exclude the interest component of Installment Payments paid under the Contract from its Federal gross income (each an "Event of Taxability"), Purchaser shall pay to Seller upon demand (x) an amount which, with respect to Installment Payments previously paid and taking into account all penalties, fines, interest and additions to tax (including all federal, state and local taxes imposed on the Interest due through the date of such event), will restore to Seller its after-tax yield (assuming tax at the highest marginal corporate tax rate and taking into account the time of receipt of Installment Payments and reinvestment at the after-tax yield rate) on the transaction evidenced by the Contract through the date of such event and (y) as additional Installment Payments to Seller on each succeeding Payment Date such amount as will maintain such after-tax yield to Seller.

(b) If, during the Contract Term, the federal corporate income tax rate decreases (whether or not Seller is actually taxed at the maximum marginal statutory rate) or the federal tax laws are changed to reduce or cap the benefit of the tax exemption for the interest component of Installment Payments under the Contract (whether or not Seller is actually subject to such

reduction or cap), the annual interest rate on the Contract shall be adjusted as follows: (i) the interest rate shall be divided by 0.65, (ii) the resulting quotient shall be multiplied by the difference between 1.0 and the actual new maximum federal corporate income tax rate or the effective maximum federal corporate income tax rate after giving effect to any reduction or cap on the benefit of the tax exemption, as applicable, and (iii) the resulting amount shall be the new interest rate for the Contract. Such increase in the interest rate shall take effect on the effective date of the change in federal tax laws. For the fiscal year of Purchaser in which the effective date of the change in federal tax law falls, the increased interest accruing shall be due and payable on the first Payment Date in the fiscal year of Purchaser following the fiscal year in which the effective date of the change in federal tax law falls. Upon an increase in the interest rate under this Section, Seller shall provide to Purchaser a revised Payment Schedule for the Contract reflecting the increased interest rate.

ARTICLE VII. INSURANCE

Section 7.1 Liability and Property Insurance. Purchaser shall, at its own expense, procure and maintain continuously in effect during each Contract Term: (a) public liability insurance for death or injuries to persons, or damage to property arising out of or in any way connected to the Equipment sufficient to protect Seller and its assigns from liability in all events, with a coverage of not less than \$1,000,000 per occurrence unless specified differently in the related Equipment Schedule, and (b) insurance against such hazards as Seller may require, including, but not limited to, all-risk casualty and property insurance, in an amount equal to the greater of the full replacement cost of the Equipment or the applicable Prepayment Price.

Section 7.2 Workers' Compensation Insurance. If required by State law, Purchaser shall carry workers' compensation insurance covering all employees on, in, near or about the Equipment.

Section 7.3 Insurance Requirements.

(a) All insurance policies required by this Article shall be taken out and maintained with insurance companies acceptable to Seller and shall contain a provision that thirty (30) days prior to any change in the coverage (including cancellation) the insurer must provide written notice to the insured parties. No insurance shall be subject to any co-insurance clause. Each liability insurance policy shall be endorsed to name Seller and its assigns as an additional insured party, and each property and casualty policy shall be endorsed to name Seller and its assigns as loss payee, in each case regardless of any breach of warranty or other act or omission of Purchaser

(b) Prior to the Contract Date for each Contract, and thereafter at Seller's request, Purchaser shall deliver to Seller the evidence of insurance which complies with this Article VII with respect to the Equipment Group subject to the Contract, including, without limitation, the evidence of insurance required by the Equipment Schedule.

(c) Purchaser may self-insure against the risks described in Sections 7.1 and 7.2, with the prior written consent of Seller, which shall not be unreasonably withheld. If Seller consents to self-insurance, Purchaser shall deliver to Seller, prior to the Contract Date for each Contract, and thereafter at Seller's request, a letter from its risk manager or insurance consultant in substantially the form attached to the Equipment Schedule.

Section 7.4 Destruction of Equipment. If the Equipment under a Contract or any portion thereof is stolen, lost or destroyed, in whole or in part, or is damaged by fire or other casualty, or title to, or the temporary use of, the Equipment under a Contract or any part thereof shall be taken under the exercise or threat of the power of eminent domain by any governmental body or by any person, firm or corporation acting pursuant to governmental authority, Seller and Purchaser will cause the Net Proceeds of any insurance claim, condemnation award or sale under threat of condemnation to be applied, at the option of Purchaser, to (a) the prompt replacement, repair, restoration, modification or improvement of the Equipment in substantial conformance with the Specifications, or (b) the prepayment of the Contract pursuant to Section 5.1. Purchaser will give Seller written notice of its election within ninety (90) days after its receipt of the Net Proceeds. The insufficiency of the Net Proceeds to pay in full the cost of any repair, restoration, modification or improvement shall not affect Purchaser's obligations under this Section, and Purchaser shall not be entitled to any reimbursement therefor from Seller or any diminution of the Installment Payments. The amount of the Net Proceeds, if any, remaining after completing such repair, restoration, modification or improvement may be retained by Purchaser.

ARTICLE VIII. OTHER OBLIGATIONS OF PURCHASER

Section 8.1 Use and Maintenance of Equipment. Purchaser shall, at its own expense, maintain the Equipment in good condition and proper working order, and shall make all necessary repairs and replacements to keep the Equipment in such condition. The Equipment will be used by Purchaser only for the purpose of performing Purchaser's essential governmental functions. Purchaser shall not install, use, operate or maintain the Equipment improperly, carelessly, in violation of any manufacturer's guidelines or in violation of any applicable law or regulation or in a manner contrary to that contemplated by this Agreement. Purchaser shall obtain and maintain all permits and licenses necessary for the installation and operation of the Equipment. Purchaser shall have sole responsibility to maintain and repair the Equipment. Purchaser shall keep (or, in the case of Equipment constituting motor vehicles,

house) the Equipment at the address specified in the related Equipment Schedule; provided that Purchaser may change the location at which any Equipment is kept (or housed) with thirty (30) days prior written notice to Seller specifying the address of the new location. Purchaser shall provide Seller access at all reasonable times to examine and inspect the Equipment and provide Seller with such access to the Equipment as may be reasonably necessary to perform maintenance on the Equipment in the event of failure by Purchaser to perform its obligations hereunder. If Seller reasonably determines that Purchaser is not maintaining any of the Equipment in accordance with this Section, Seller may (in addition to any other remedies it may have) require Purchaser to enter into maintenance contracts for such Equipment in form approved by Seller and with approved providers.

Section 8.2 Taxes. Seller and Purchaser contemplated that the Equipment will be used for a governmental or proprietary purpose of Purchaser, and therefore that the Equipment will be exempt from all property taxes. The Installment Payments payable by Purchaser under this Agreement and the Contract have been established to reflect the savings resulting from this exemption. Purchaser will take all necessary actions under applicable law to obtain or maintain such exemption. Nevertheless, if the use, possession or acquisition of the Equipment is determined to be subject to taxation or later becomes subject to taxation, Purchaser shall pay all taxes, assessments and other charges which are assessed or levied against the Equipment or any part thereof, during the Contract Term, whether assessed against Purchaser or Seller. With respect to any taxes or charges that may lawfully be paid in installments over a period of years, Purchaser shall be obligated to pay only such installments as accrue during the then current budget year of the Contract Term for such Equipment.

Section 8.3 Liens. Purchaser shall not, directly or indirectly, create, incur, assume or suffer to exist any mortgage, pledge, lien, charge, encumbrance or other claim with respect to the Equipment, other than the respective rights of Seller and Purchaser as herein provided. Purchaser shall promptly, at its own expense, take such actions as may be necessary duly to discharge or remove any such claim if the same shall arise at any time. Purchaser shall pay all gas, water, steam, electric, heat, power, telephone, utility and other charges incurred in the operation, maintenance, use, occupancy and upkeep of the Equipment.

Section 8.4 Advances. If Purchaser shall fail to perform any of its obligations under Section 8.1, Section 8.2 or Section 8.3, or shall fail to maintain the insurance required by Article VII, Seller may (but shall not be required to) take such action to cure such failure, including the advancement of money, and Purchaser shall be obligated to repay all such advances on demand, with interest at the rate of 12% per annum or the maximum rate permitted by law, whichever is less, from the date of the advance to the date of repayment.

Section 8.5 Financial Information and Financial Covenants.

(a) **Financial Information.** Purchaser shall deliver to Seller (i) its annual audited financial statements within 180 days after the end of each fiscal year, (ii) its annual budget for the succeeding fiscal year promptly following approval thereof, (iii) proof of appropriation of Installment Payments with its annual budget, (iv) unaudited semi-annual financial statements within 30 days of the end of said period sufficient to calculate compliance with the financial covenant set forth in Section 8.5(b)(ii), and (v) such other financial statements and information relating to the ability of Purchaser to satisfy its obligation under this Agreement and the Contract as may be reasonably requested by Seller from time to time.

(b) **Financial Covenants.** Purchaser covenants additionally as follows:

i. **Long-Term Debt Service Coverage Ratio.** The Purchaser covenants to maintain a Long-Term Debt Service Coverage Ratio of 1.10:1.0. Long-Term Debt Service Coverage Ratio shall be defined and calculated as provided in the Indenture as of the date of this Agreement. Any amendments, restatements or repeal of the Indenture after the date of this Agreement shall not be applicable to this provision, absent the prior written consent of the Seller.

ii. **Days Cash on Hand.** The Purchaser covenants to maintain a Days Cash on Hand of at least 50 days. Days Cash on Hand shall be defined and calculated as provided in the Indenture as of the date of this Agreement. Any amendments, restatements or repeal of the Indenture after the date of this Agreement shall not be applicable to this provision, absent the prior written consent of the Seller.

iii. **Limitation on Indebtedness.** The Purchaser covenants to maintain comply with the Limitations on Indebtedness as set forth in Section 6.05 of the Indenture. The terms of Section 6.05 of the Indenture shall be as provided in the Indenture as of the date of this Agreement. Any amendments, restatements or repeal of the Indenture after the date of this Agreement shall not be applicable to this provision, absent the prior written consent of the Seller.

ARTICLE IX. TITLE

Section 9.1 Title. During the Contract Term, legal title to all Equipment shall be in Purchaser, subject to Seller's interests under the applicable Equipment Schedule and this Agreement.

Section 9.2 Security Interest. In order to secure Purchaser's payment of all Installment Payments and the performance of all other obligations hereunder, Purchaser hereby grants to Seller a continuing, first priority security interest in and to (a) the Equipment, all repairs, replacements, substitutions, restorations, accessions, improvements and modifications thereto; (b) all moneys and investments in any escrow account or Restricted Account into which proceeds of the Contract have been deposited; (c) all books, ledgers and records and all computer programs, tapes, discs, punch cards, data processing software, transaction files, master files and related property and rights (including computer and peripheral equipment) necessary or helpful in enforcing, identifying or establishing any item of Equipment; and (d) all proceeds of the foregoing, including insurance proceeds. Purchaser hereby authorizes Seller to prepare and file such financing statements and other such documents to establish and maintain Seller's valid first lien and perfected security interest. Purchaser will join with Seller in executing such documents and will perform such acts as Seller may request to establish and maintain Seller's valid first lien and perfected security interest. Upon Seller's request, Purchaser shall obtain, at Purchaser's expense, a waiver of any interest in the Equipment from any landlord, mortgagee or any other party holding an interest in the real property on which the Equipment is or will be located. Purchaser will not change its legal name in any respect without giving thirty (30) days prior written notice to Seller.

Section 9.3 Modification of Equipment. Purchaser will not, without the prior written consent of Seller, affix or install any accessory equipment or device on any of the Equipment if such addition will change or impair the originally intended value, function or use of the Equipment.

Section 9.4 Personal Property. The Equipment is and shall at all times be and remain personal property and not fixtures.

ARTICLE X. WARRANTIES; RISK OF LOSS

Section 10.1 Selection of Equipment. Each Vendor and all of the Equipment have been selected by Purchaser. Seller shall have no responsibility in connection with the selection of the Equipment, the ordering of the Equipment, its suitability for the use intended by Purchaser, the acceptance by any Vendor or its sales representative of any order submitted, or any delay or failure by such Vendor or its sales representative to manufacture, deliver or install any Equipment for use by Purchaser.

Section 10.2 Vendor's Warranties. Seller hereby assigns to Purchaser for and during the Contract Term, all of its interest, if any, in all Vendor's warranties, guarantees and patent indemnity protection, express or implied issued on or applicable to an Equipment Group, and Purchaser may obtain the customary services furnished in connection with such warranties and guarantees at Purchaser's expense. Seller has no obligation to enforce any Vendor's warranties or obligations on behalf of itself or Purchaser.

Section 10.3 Disclaimer of Warranties. PURCHASER ACKNOWLEDGES THAT THE EQUIPMENT IS OF A SIZE, DESIGN, CAPACITY, AND MANUFACTURE SELECTED BY PURCHASER. PURCHASER ACKNOWLEDGES THAT IT SELECTED THE EQUIPMENT WITHOUT ASSISTANCE OF SELLER, ITS AGENTS OR EMPLOYEES. SELLER IS NOT A MANUFACTURER OF THE EQUIPMENT OR A DEALER IN SIMILAR EQUIPMENT, AND DOES NOT INSPECT THE EQUIPMENT BEFORE DELIVERY TO PURCHASER. SELLER MAKES NO WARRANTY OR REPRESENTATION, EITHER EXPRESS OR IMPLIED, AS TO THE VALUE, DESIGN, CONDITION, QUALITY, DURABILITY, SUITABILITY, NONINFRINGEMENT, MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE OR FITNESS FOR THE USE CONTEMPLATED BY PURCHASER OF THE EQUIPMENT, OR ANY OTHER REPRESENTATION OR WARRANTY WITH RESPECT TO THE EQUIPMENT. IN NO EVENT SHALL SELLER BE LIABLE FOR ANY INCIDENTAL OR CONSEQUENTIAL DAMAGES IN CONNECTION WITH OR ARISING OUT OF THIS AGREEMENT OR THE EQUIPMENT OR PURCHASER'S USE OF THE EQUIPMENT.

Section 10.4 Risk of Loss. Purchaser shall not be required to indemnify Seller from liabilities associated with this Agreement; however, to the extent permitted by applicable laws of the State, as between Seller and Purchaser, Purchaser assumes all risks and liabilities from any cause whatsoever, whether or not covered by insurance, and Purchaser agrees to defend Seller against, all liabilities, obligations, losses, damages, penalties, claims, actions, costs and expenses that relate to or arise out of this Agreement, including but not limited to, (a) the selection, manufacture, purchase, acceptance or rejection of Equipment or the ownership of the Equipment, (b) the delivery, possession, maintenance, use, condition, return or operation of the Equipment, (c) the condition of the Equipment sold or otherwise disposed of after possession by Purchaser, (d) the conduct of Purchaser, its officers, employees and agents, (e) any claim, loss, cost or expense involving alleged damage to the environment relating to the Equipment, including, but not limited to investigation, removal, cleanup and remedial costs, and (f) any strict liability under the laws or judicial decisions of any state or the United States. This provision shall survive the termination of this Agreement.

ARTICLE XI. ASSIGNMENT AND LEASING

Section 11.1 Assignment by Seller. Seller, without Purchaser's consent, may assign and reassign all of Seller's right, title and/or interest in and to this Agreement or any Contract, including, but not limited to, the Installment Payments and other amounts payable by Purchaser and Seller's interest in the Equipment, in whole or in part to one or more assignees or subassignee(s) of Seller at any time. No such assignment shall be effective as against Purchaser unless and until written notice of the assignment is provided to Purchaser. When presented with a notice of assignment, Purchaser will acknowledge in writing receipt of such notice for the benefit of Seller and any assignee. Purchaser shall keep a complete and accurate record of all such assignments. Assignees of Seller's rights in one Contract shall have no rights in any other Contract unless such rights have been separately assigned.

Section 11.2 Assignment and Leasing by Purchaser. Neither this Agreement nor any Contract or any Equipment may be assigned, leased, sold, transferred, pledged or mortgaged by Purchaser.

ARTICLE XII. EVENTS OF DEFAULT AND REMEDIES

Section 12.1 Events of Default Defined. The occurrence of any of the following events with respect to a Contract shall constitute an Event of Default under the Contract:

- (a) Purchaser's failure to pay any Installment Payment or other amount required to be paid to Seller under the Contract within ten (10) days following the due date thereof.
- (b) Purchaser's failure to maintain insurance under the Contract as required by Article VII.
- (c) With the exception of the above clauses (a) or (b), Purchaser's failure to perform or abide by any condition, agreement or covenant with respect to the Contract for a period of thirty (30) days after written notice by Seller to Purchaser specifying such failure and requesting that it be remedied, unless Seller shall agree in writing to an extension of time prior to its expiration.
- (d) Seller's determination that any representation, warranty or statement made by Purchaser in or pursuant to the Contract was untrue in any material respect on the date made.
- (e) The filing of a petition in bankruptcy or receivership or similar proceeding by or against Purchaser, or failure by Purchaser promptly to lift any execution, garnishment or attachment of such consequence as would impair the ability of Purchaser to carry on its governmental functions or assignment by Purchaser for the benefit of creditors, or the entry by Purchaser into an agreement of composition with creditors, or the approval by a court of competent jurisdiction of any adjustment of indebtedness of Purchaser, or the dissolution or liquidation of Purchaser.
- (f) An Event of Default as defined in the Indenture.

Section 12.2 Remedies on Default. Upon the occurrence of any Event of Default with respect to a Contract, Seller shall have the right, at its option and without any further demand or notice to one or more or all of the following remedies with respect to the Contract:

- (a) Seller, with or without terminating the Contract, may declare all Installment Payments payable under the Contract to the end of the then current budget year of Purchaser to be immediately due and payable by Purchaser, whereupon such Installment Payments shall be immediately due and payable.
- (b) Seller may terminate the Contract, and by written notice to Purchaser, Seller may accelerate the principal component of all outstanding Installment Payments, in which case Purchaser shall pay to Seller the entire balance of such principal component, together with interest on such sum from the date of acceleration until so paid at the rate of 12 percent per annum or the maximum rate permitted by applicable law, whichever is less, together with all other sums then due under the Contract.
- (c) Seller may terminate the Contract and may repossess any or all of the Equipment subject to the Contract by giving Purchaser written notice to deliver such Equipment in the manner provided in Section 12.3; or in the event Purchaser fails to do so within ten (10) days after receipt of such notice, Seller may enter upon Purchaser's premises where such Equipment is kept and take possession of such Equipment and charge Purchaser for costs incurred, including reasonable attorneys' fees. Seller may thereafter dispose of the Equipment in accordance with the requirements of Article 9 of the Uniform Commercial Code, continuing to hold Purchaser liable for any deficiency and all costs and expenses incurred by Seller in exercising its remedies hereunder, including, without limitation, all costs and expenses of taking possession, removing, storing and reconditioning the Equipment, and including, without limitation, all brokerage and attorney's fees.
- (d) By written notice to any escrow agent that is holding proceeds of the Contract, Seller may instruct such escrow agent to release all such proceeds and any earnings thereon to Seller, such sums to be credited to payment of Purchaser's obligations under the Contract.

(e) Seller may exercise any other remedy available, at law or in equity, with respect to such Event of Default. Purchaser shall pay the reasonable attorneys' fees and expenses incurred by Seller in exercising any remedy hereunder.

Section 12.3 Return of Equipment. Upon demand of Seller following an Event of Default with respect to a Contract, Purchaser shall, within ten (10) days after the date of such demand: (a) perform any testing and repairs required to place the related Equipment in the condition required by Article VIII; (b) if deinstallation, disassembly or crating is required, cause such Equipment to be deinstalled, disassembled and crated by an authorized manufacturer's representative or such other service person as is satisfactory to Seller; (c) return such Equipment to a location in the continental United States specified by Seller, freight and insurance prepaid by Purchaser; and (d) comply with any additional return conditions specified in the Equipment Schedule. Purchaser shall execute and deliver to Seller such documents as Seller may request to evidence passage of legal title and ownership of the Equipment to Seller and termination of Purchaser's interest in the Equipment.

Section 12.4 Late Charge. To the extent permitted by applicable law, Seller shall have the right to require late payment charge for each Installment Payment or any other amount due hereunder which is not paid within 10 days of the date when due equal to the lesser of 5% of each late payment or the legal maximum.

Section 12.5 No Remedy Exclusive. Each of the rights and remedies under this Agreement and each Contract is cumulative and may be enforced separately or concurrently. No course of dealing or conduct between Seller and Purchaser shall be effective to amend, modify or change any provisions of this Agreement or any Contract. No failure or delay by Seller to insist upon the strict performance of any term, covenant or agreement of the Agreement or any Contract, or to exercise any right, power or remedy consequent upon a breach thereof, shall constitute a waiver of any such term, covenant or agreement or of any such breach, or preclude Seller from exercising any such right, power or remedy at any later time or times.

Section 12.6 Costs and Attorney Fees. Upon the occurrence of an Event of Default, Purchaser agrees to pay to Seller or reimburse Seller for, in addition to all other amounts payable hereunder, all of Seller's costs of collection, including reasonable attorney fees, whether or not suit or action is filed thereon. Any such costs shall be immediately due and payable upon written notice and demand given to Purchaser, shall be secured by this Agreement until paid, and shall bear interest at the rate of 12 percent per annum or the maximum amount permitted by law, whichever is less. In the event suit or action is instituted to enforce any of the terms of this Agreement, the prevailing party shall be entitled to recover from the other party such sum as the court may adjudge reasonable as attorney's fees at trial and on appeal of such suit or action or in any bankruptcy proceeding, in addition to all other sums provided by law.

ARTICLE XIII. MISCELLANEOUS PROVISIONS

Section 13.1 Notices. All written notices to be given under this Agreement shall be given (a) personally, (b) by mail in registered or certified form, with postage prepaid, or (c) by overnight courier, charges prepaid, in each case to the party entitled thereto at its address specified beneath each party's signature, or at such address as the party may provide to the other parties hereto in writing from time to time, and to any assignee at its address as it appears on the registration books maintained by Purchaser. Any such notice shall be deemed to have been received 72 hours after deposit in the United States mail, 24 hours after deposit with the courier, or, if given by other means, when delivered.

Section 13.2 Binding Effect. This Agreement and each Contract hereunder shall be binding upon and shall inure to the benefit of Seller and Purchaser and their respective successors and assigns. Specifically, as used herein the term "Seller" means, with respect to a Contract, any person or entity to whom Seller has assigned its right to receive Installment Payments under such Contract.

Section 13.3 Severability. In the event any provision of this Agreement or any Contract shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

Section 13.4 Entire Agreement; Amendments. Each Lease constitutes the entire agreement of the parties with respect to the subject matter thereof and supersedes all prior and contemporaneous writings, understandings, agreements, solicitation documents and representations, express or implied. Each Lease may be amended or modified only by written documents duly authorized, executed and delivered by Seller and Purchaser.

Section 13.5 Captions. The captions or headings in this Agreement are for convenience only and in no way define, limit or describe the scope or intent of any provisions, Articles, Sections or clauses hereof.

Section 13.6 Further Assurances and Corrective Instruments. Seller and Purchaser agree that they will, from time to time, execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, such supplements hereto and such further instruments as may reasonably be required to perfect, confirm, establish, reestablish, continue or complete the interests of Seller in this Agreement and each Contract, to consummate the transactions contemplated hereby and thereby, and to carry out the purposes and intentions of this Agreement and each Contract.

Section 13.7 Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State. In addition, to the extent that Equipment shall be located in a state other than the State, then compliance with State law shall include compliance with the laws of such other state with respect to the Equipment located in that state.

Section 13.8 Usury. It is the intention of the parties hereto to comply with any applicable usury laws; accordingly, it is agreed that, notwithstanding any provisions to the contrary herein or in any Equipment Schedule, in no event shall this Agreement or any Contract hereunder require the payment or permit the collection of interest or any amount in the nature of interest or fees in excess of the maximum amount permitted by applicable law. Any such excess interest or fees shall first be applied to reduce principal, and when no principal remains, refunded to Purchaser. In determining whether the interest paid or payable exceeds the highest lawful rate, the total amount of interest shall be spread through the applicable Contract Term so that the interest is uniform through such term.

Section 13.9 Waiver of Jury Trial. TO THE EXTENT PERMITTED BY APPLICABLE LAW, SELLER AND PURCHASER HEREBY WAIVE ANY RIGHT TO TRIAL BY JURY IN ANY ACTION OR PROCEEDING WITH RESPECT TO, IN CONNECTION WITH OR ARISING OUT OF THIS AGREEMENT.

Section 13.10 USA Patriot Act Compliance Notification. Seller hereby notifies Purchaser that pursuant to the requirements of the USA PATRIOT Act (the "Act"), it is required to obtain, verify and record information that identifies Purchaser, which information includes the name and address of Purchaser and other information that will allow Seller to identify Purchaser in accordance with the Act. Purchaser shall, promptly upon Seller's request, provide all documentation and other information that Seller requests in order to comply with its ongoing obligations under applicable "know your customer" and anti-money laundering rules and regulations, including the Act.

[SIGNATURE PAGES FOLLOW]

EXECUTION PAGE OF MASTER INSTALLMENT PURCHASE AGREEMENT

IN WITNESS WHEREOF, Seller has caused this Agreement to be executed in its corporate name by its duly authorized officer, and Purchaser has caused this Agreement to be executed in its name by its duly authorized officer.

TAHOE FOREST HOSPITAL DISTRICT,
Purchaser

By: _____
Name: Harry Weis
Title: Chief Executive Officer

Address: 10121 Pine Avenue
Truckee, CA 96161

Attn: Crystal Betts, Chief Financial Officer

Telephone: (530) 582-6656
Facsimile: (530) 582-3567
E-mail address: cbetts@tfhd.com

OPUS BANK,
Seller

By: _____
Name: _____
Title: _____

Address: 131 West Commonwealth Avenue
Fullerton, CA 92832

Attn: Robert Papenbrock

Telephone: (714) 879-8257
Facsimile: (714) 578-7536

EXHIBIT A

**EQUIPMENT SCHEDULE NO. <10>
TO MASTER INSTALLMENT PURCHASE AGREEMENT**

The following described Equipment comprises an Equipment Group which is the subject of the Master Installment Purchase Agreement dated as of October 1, 2018 (the "Agreement") between the undersigned Seller and Purchaser. The Agreement is incorporated herein in its entirety, and Purchaser hereby reaffirms each of its representations, warranties and covenants contained in the Agreement. Purchaser warrants that no Event of Default, or event which, with the passage of time or the giving of notice or both, would constitute an Event of Default, has occurred under the Agreement.

1. Equipment Group. The cost of the Equipment Group to be funded by Seller under this Contract is \$<11>. The Equipment Group consists of the following Equipment which has been or shall be purchased from the Vendor(s) named below for the prices set forth below:

Manufacturer and/or Vendor Name & Invoice No. <12>	Description	Invoice Cost
Total Invoice Cost:		

2. Location of Equipment Group. The Equipment Group is essential to the governmental functions of Purchaser. The Equipment Group is or will be located (or in the case of Equipment constituting vehicles, housed) at the following address(es):

<13>

3. Contract Date. The Contract Date for this Equipment Schedule is _____.

4. Interest Accrual Date. The amounts of the interest component of Installment Payments payable under this Equipment Schedule have been calculated based on the assumption that the proceeds of this Equipment Schedule were disbursed on <14> and such payments of interest component will be payable as set forth in the Payment Schedule regardless of when the proceeds of this Equipment Schedule were actually disbursed.

5. Payment Schedule. The Payment Schedule is attached to this Equipment Schedule as Exhibit 1.

6. Acceptance Certificate. The form of Acceptance Certificate is attached to this Equipment Schedule as Exhibit 2.

7. Purchaser's Certificate. The Purchaser's General and Tax Certificate is attached to this Equipment Schedule as Exhibit 3.

8. Opinion. The opinion of Purchaser's counsel is attached to this Equipment Schedule as Exhibit 4.

9. Proceeds. Check Item A or Item B:

A. Seller shall disburse all of the proceeds of this Equipment Schedule in accordance with the instructions attached hereto as Exhibit 5. _____

B. Seller shall disburse the proceeds of this Equipment Schedule into a Restricted Account with the Seller and such amounts in the Restricted Account shall be disbursed in accordance with the instructions attached hereto as Exhibit 5. Seller is hereby granted a security interest in the Restricted Account and in the Event of Default, Seller may apply the funds in the Restricted Account to payment of the amounts due under the Equipment Schedule. Any proceeds of the Equipment Schedule remaining on _____, 20__ (the "Termination Date") in the Restricted Account shall be applied by Seller as a prepayment of the unpaid Installment Payments under the Equipment Schedule; provided, however, that such prepayment shall be subject to any applicable prepayment premium. Seller shall provide Purchaser with a revised Payment Schedule which shall reflect the revised principal balance and reduced Installment Payments due under the Contract. The Termination Date may be amended in writing by Seller and Purchaser.. _____

C. Seller shall disburse the proceeds of this Equipment Schedule in accordance with the Escrow Agreement attached hereto as Exhibit 5. _____

10. Insurance. Check Item A and/or Item B.

A Purchaser's insurance letter is attached to this Equipment Schedule as Exhibit 6. _____

B. A letter from Purchaser's risk manager or insurance consultant is attached as Exhibit 6. _____

11. Form 8038-G or -GC. The Form 8038-G or Form 8038-GC with respect to the Contract is attached to this Equipment Schedule as Exhibit 7.

DRAFT

EXECUTION PAGE OF SCHEDULE NO. <10> TO MASTER INSTALLMENT PURCHASE AGREEMENT

IN WITNESS WHEREOF, Seller has caused this Equipment Schedule to be executed in its corporate name by its duly authorized officer, and Purchaser has caused this Equipment Schedule to be executed in its name by its duly authorized officer.

Tahoe Forest Hospital District,
Purchaser

OPUS BANK,
Seller

By: _____
Name: Harry Weis
Title: Chief Executive Officer

By: _____
Name: _____
Title: _____

Address: 10121 Pine Avenue, Truckee, CA 96161

Address: 131 West Commonwealth Avenue
Fullerton, CA 92832

Telephone: (530) 582-6656
Facsimile: (530) 582-3567

Telephone: (714) 879-8257
Facsimile: (714) 578-7536

PAYMENT SCHEDULE

The annual interest rate applicable to the Contract shall be <15>. Purchaser will make Installment Payments each consisting of principal and interest as set forth below for a Contract Term of <16>. Installment Payments are due as set forth below. **[[Installment Payments may be prepaid in whole on each Payment Date. The first Payment Date on which Installment Payments may be prepaid is <17>]]**

<u>Payment Number</u>	<u>Payment Date</u>	<u>Total Payment</u>	<u>Principal Component</u>	<u>Interest Component</u>	<u>Prepayment Price*</u>
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* After payment of the Installment Payment due on such date.

Tahoe Forest Hospital District,
Purchaser

By: _____
Name: Harry Weis
Title: Chief Executive Officer

ACCEPTANCE CERTIFICATE

OPUS BANK
131 West Commonwealth Avenue
Fullerton, CA 92832

Ladies and Gentlemen:

I, the undersigned, hereby certify that I am the duly qualified and acting officer of Purchaser identified below and, with respect to the above referenced Equipment Schedule and Contract, that:

1. The Equipment Group subject to the Equipment Schedule and the Contract has been delivered and installed in its entirety in accordance with the Specifications, is in good working order and is fully operational and has been fully accepted by Purchaser on or before the date hereof.
2. Attached hereto are true and correct copies of the manufacturers' and dealers' invoices for the Equipment Group.
3. Purchaser has appropriated and/or taken other lawful actions necessary to provide moneys sufficient to pay all Installment Payments required to be paid under the Contract during the current budget year of Purchaser. Such moneys will be applied in payment of all such Installment Payments due and payable during such current budget year.
4. No event or condition that constitutes, or with notice or lapse of time, or both, would constitute, an Event of Default (as defined in the Contract) exists at the date hereof.

Dated: _____

Tahoe Forest Hospital District,
Purchaser

By: _____
Harry Weis
Chief Executive Officer
Date: _____

PURCHASER'S GENERAL AND TAX CERTIFICATE

The undersigned, being the duly elected, qualified and acting <20> of Purchaser, do hereby certify, as of Lease Date for the Lease represented by the Equipment Schedule referred to below (the "Lease Date"), as follows:

1. Purchaser did, at a meeting of the governing body of the Purchaser held <21> by resolution or ordinance duly enacted, in accordance with all requirements of law, approve and authorize the execution and delivery of Equipment Schedule No. <10> (the "Equipment Schedule") to the Master Installment Purchase Agreement dated as of October 1, 2018 (the "Master Agreement"), by the Chief Executive Officer of Purchaser (the "Authorized Representative").

2. The name and title of the Authorized Representative is set forth below, and the signature set forth below is the true and authentic signature of the Authorized Representative.

<u>NAME</u>	<u>TITLE</u>	<u>SIGNATURE</u>
Harry Weis	Chief Executive Officer	_____

3. The meeting(s) of the governing body of the Purchaser at which the Master Agreement and the Equipment Schedule were approved and authorized to be executed was duly called, regularly convened and attended throughout by the requisite quorum of the members thereof, and the enactment approving the Master Agreement and the Equipment Schedule and authorizing the execution thereof has not been altered or rescinded. All meetings of the governing body of Purchaser relating to the authorization and delivery of Master Agreement and the Equipment Schedule have been: (a) held within the geographic boundaries of the Purchaser; (b) open to the public, allowing all people to attend; (c) conducted in accordance with internal procedures of the governing body and all applicable open meeting laws; and (d) conducted in accordance with the charter of the Purchaser, if any, and the laws of the State.

4. No event or condition that constitutes, or with the giving of notice or the lapse of time or both would constitute, an Event of Default (as such term is defined in the Master Agreement) exists at the date hereof with respect to the Contract reflected by the Equipment Schedule (the "Contract") or any other Contract under the Master Agreement.

5. The acquisition of all of the Equipment Group under the Contract has been duly authorized by the governing body of Purchaser.

6. Purchaser has, in accordance with the requirements of law, fully budgeted and appropriated sufficient funds for the current budget year to make the Installment Payments scheduled to come due during the current budget year under the Contract and to meet its other obligations for the current budget year and such funds have not been expended for other purposes.

7. As of the date hereof, no litigation is pending, (or, to my knowledge, threatened) against Purchaser in any court (a) seeking to restrain or enjoin the delivery of the Master Agreement or the Equipment Schedule or of other agreements similar to the Master Agreement; (b) questioning the authority of Purchaser to execute the Master Agreement or the Equipment Schedule, or the validity of the Master Agreement or the Equipment Schedule, or the payment of principal of or interest on, the Contract; (c) questioning the constitutionality of any statute, or the validity of any proceedings, authorizing the execution of the Master Agreement and the Equipment Schedule; or (d) affecting the provisions made for the payment of or security for the Master Agreement and the Equipment Schedule.

8. **OPTION 1:** Purchaser has designated the Contract as a "qualified tax-exempt obligation" as defined in Section 265(b)(3)(B) of the Code. Purchaser reasonably anticipates issuing tax-exempt obligations (excluding private activity bonds other than qualified 501(c)(3) bonds and including all tax-exempt obligations of subordinate entities of the Purchaser) during the calendar year in which the Contract Date of the Contract, in an amount not exceeding \$10,000,000.

8. **OPTION 2:** Purchaser has not designated the Contract as a "qualified tax-exempt obligation" as defined in Section 265(b)(3)(B) of the Code.

9. **OPTION 1:** (a) Purchaser is a governmental unit under the law of the State with general taxing powers, (b) the Contract is not a private activity bond as defined in Section 141 of the Code, (c) 95% or more of the net proceeds of the Contract will be used for local government activities of Purchaser, and (d) the aggregate face amount of all tax-exempt obligations (other than private activity bonds) issued by Purchaser (and all subordinate entities thereof) during the calendar year in which the Contract Date of the Contract falls is not reasonably expected to exceed \$5,000,000 (plus any additional amounts, not to exceed \$10,000,000 which are for the construction, reconstruction or rehabilitation of public school facilities).

9. **OPTION 2:** Pursuant to Treasury Regulations Section 1.148-7(d), the gross proceeds of the Contract will be expended for the governmental purposes for which the Equipment Schedule was entered into, as follows: at least 15% within six months after the Contract Date, at least 60% within 12 months after the Contract Date, and 100% within 18 months after the Contract Date. If Purchaser is unable to comply with Section 1.148-7(d) of the Treasury Regulations, Purchaser shall compute rebatable arbitrage on the Contract and pay rebatable arbitrage to the United States at least once every five years, and within 60 days after payment of the final Installment Payment due under the Contract.]

Capitalized terms used without definition in this Certificate have the meanings given in the Master Agreement.

IN WITNESS WHEREOF, I have duly executed this certificate as of the Lease Date.

By: _____
Name: <19>
Title: <20>

DRAFT

OPINION OF PURCHASER'S COUNSEL

[DATE]

OPUS BANK
131 West Commonwealth Avenue
Fullerton, CA 92832

Re: Master Installment Purchase Agreement dated as of October 1, 2018 (the "Agreement") by and between OPUS BANK ("Seller") and Tahoe Forest Hospital District ("Purchaser")

Ladies and Gentlemen:

We have acted as counsel to Purchaser with respect to the above-referenced Agreement and related matters, and in this capacity have reviewed a duplicate original or certified copy of the Agreement and Equipment Schedule No. <10> executed pursuant thereto (the "Equipment Schedule") [[and the Escrow Agreement between Seller, Purchaser and Opus Bank, as escrow Agent (the "Escrow Agreement")]]. The Agreement and the Equipment Schedule [[and the Escrow Agreement]] are referred to herein as the "Financing Documents." The terms capitalized in this opinion but not defined herein shall have the meanings assigned to them in the Financing Documents. Based upon the examination of these and such other documents as we have deemed relevant, it is our opinion, as of the Lease Date specified in the Equipment Schedule, that:

1. Purchaser is State or Commonwealth of California (the "State") or a political subdivision of the State, in each case within the meaning of Section 103(c) of the Internal Revenue Code of 1986, as amended, and is duly organized, existing and operating under the Constitution and laws of the State.
2. Purchaser is authorized and has the power under applicable law to enter into the Financing Documents, and to carry out its obligations thereunder and the transactions contemplated thereby.
3. The Financing Documents have been duly authorized, executed and delivered by and on behalf of Purchaser, and are legal, valid and binding obligations of Purchaser enforceable in accordance with their terms, except as enforcement thereof may be limited by bankruptcy, insolvency and other similar laws affecting the enforcement of creditors' rights generally and by general equitable principles.
4. The authorization and execution of the Financing Documents and all other proceedings of Purchaser relating to the transactions contemplated thereby have been performed in accordance with all applicable open meeting, public records, public bidding and all other laws, rules and regulations of the State. Purchaser has obtained all consents and approvals of other governmental agencies or authorities which may be required for the execution, delivery and performance by Purchaser of the Financing Documents.
5. The execution of the Financing Documents and the obligation to pay the Installment Payments coming due thereunder do not and will not result in the violation of any constitutional, statutory or other limitation relating to the manner, form or amount of indebtedness which may be incurred by Purchaser.
6. There is no litigation, action, suit or proceeding pending or before any court, administrative agency, arbitrator or governmental body that challenges the organization or existence of Purchaser, the authority of Purchaser or its officers or its employees to enter into the Financing Documents, the proper authorization and/or execution of the Financing Documents or the documents contemplated thereby, the obligation of Purchaser to make Installment Payments under the Contract, or the ability of Purchaser otherwise to perform its obligations under the Financing Documents and the transactions contemplated thereby. To the best of our knowledge, no such litigation, action, suit or proceeding is threatened.

This opinion may be relied upon by the addressee hereof and its successors and assignees of interests in the Contract, but only with regard to matters specifically set forth herein.

Very truly yours,
[Purchaser Counsel Firm Name]

By: _____
Name: _____
Title: _____

DRAFT

OPTION 1

**Exhibit 5 to Equipment Schedule No. <10>
Master Installment Purchase Agreement dated as of October 1, 2018**

INSTRUCTION TO PAY PROCEEDS

[The undersigned, an Authorized Representative of the Purchaser hereby requests and authorizes Seller to disburse the all of the net proceeds of the Equipment Schedule on the Contract Date as follows:]

[Restricted Account Language: The undersigned, an Authorized Representative of the Purchaser hereby requests and authorizes Seller to disburse the following amount of the net proceeds of the Equipment Schedule from the Restricted Account therefore as follows:]

Name of Payee: _____

By check _____

By wire transfer _____

If by check, Payee's address: _____

If by wire transfer, instructions as follows:

Pay to Bank Name: _____

Bank Address: _____

Bank Phone #: _____

For Account of: _____

Account No.: _____

ABA No.: _____

[Restricted Account Language: If this is the last Disbursement from the Restricted Account check the box: ____]

Attached are invoices for payment of the applicable equipment. Any reimbursement to the Purchaser, instead of payment to the vendor directly, shall require evidence of payment of such invoice by Purchaser.

Tahoe Forest Hospital District

By: _____
Harry Weis
Chief Executive Officer

Dated: _____

Exhibit 5 to Equipment Schedule No. <10>
Master Installment Purchase Agreement dated October 1, 2018

OPUS BANK

ESCROW AGREEMENT

This **ESCROW AGREEMENT**, made and entered into as of the date set forth on Schedule 1 attached hereto, by and among **OPUS BANK**, a California commercial bank (“Seller”), Tahoe Forest Hospital District, which is a political subdivision or public body politic and corporate of the State or Commonwealth of California (“Purchaser”), and **OPUS BANK**, a California commercial bank, as Escrow Agent (“Escrow Agent”).

In consideration of the mutual covenants herein contained, the parties hereto agree as follows:

ARTICLE I. DEFINITIONS AND RECITALS

Section 1.1. Definitions. The terms defined in this Section 1.1 shall, for all purposes of this Escrow Agreement, have the meanings specified below.

“**Acquisition Costs**” means, with respect to the Equipment, the contract price paid or to be paid to the person entitled to such payment upon acquisition or delivery of any portion of the Equipment in accordance with the purchase order or contract therefore. Acquisition Costs may include the administrative, engineering, legal, financial and other costs incurred by Purchaser in connection with the acquisition, delivery and financing of the Equipment, if approved by Seller.

“**Contract**” means the Master Agreement, together with the Equipment Schedule, and any duly authorized and executed amendment or supplement thereto.

“**Ending Date**” means <22>.

“**Equipment**” means the personal property described in the Equipment Schedule to be acquired from the moneys held in the Equipment Acquisition Fund.

“**Equipment Acquisition Fund**” means the account by that name established and held by Escrow Agent pursuant to Article II of this Escrow Agreement.

“**Equipment Schedule**” means Equipment Schedule No. <10> by and between Purchaser and Seller, and any duly authorized and executed amendment or supplement thereto.

“**Escrow Agent Fee**” has the meaning set forth in Section 6.1 and the amount of such Escrow Agent Fee is shown on Schedule I.

“**Escrow Agreement**” means this Escrow Agreement and any duly authorized and executed amendment or supplement hereto.

“**Initial Deposit Amount**” means the amount of <11>.

“**Master Agreement**” means the Master Installment Purchase Agreement, dated as of October 1, 2018, by and between Purchaser and Seller, and any duly authorized and executed amendment or supplement thereto.

“**Payment Request Form**” means the document substantially in the form attached hereto as Exhibit A to be executed by Purchaser and Seller and submitted to Escrow Agent to authorize payment of Acquisition Costs.

“**Qualified Investments**” means the _____, a Opus Deposit Account for escrow customers of OPUS BANK. By signing this Escrow Agreement, Purchaser acknowledges that such Qualified Investment is a permitted investment under any state, county or municipal law applicable to the investment of Purchaser’s funds.

ARTICLE II. APPOINTMENT OF ESCROW AGENT; AUTHORITY

Section 2.1. Appointment of Escrow Agent. Seller and Purchaser hereby appoint Escrow Agent to receive, hold, invest and disburse the moneys to be paid to Escrow Agent pursuant to this Escrow Agreement and to perform certain other functions, all as hereinafter provided. By executing and delivering this Escrow Agreement, Escrow Agent accepts the duties and obligations of Escrow Agent hereunder. Escrow Agent undertakes to perform only such duties as are expressly set forth herein, which duties shall be deemed purely ministerial in nature, and no additional duties or obligations shall be implied hereunder. Escrow Agent shall in no event be deemed to be a fiduciary to Seller or Purchaser or to any other person or entity under this Escrow Agreement. The permissive rights of Escrow Agent to do things enumerated in this Escrow Agreement shall not be construed as duties. In performing its duties under this Escrow Agreement, or upon the claimed failure to perform any of its duties hereunder, Escrow Agent shall not be liable to anyone for any damages, losses or expenses which may be incurred as a result of Escrow Agent so acting or failing to so act; *provided, however*, Escrow Agent shall not be relieved from liability for damages, losses or expenses which have been finally adjudicated by a court of competent jurisdiction to have directly resulted from Escrow Agent's gross negligence or willful misconduct under this Escrow Agreement. In no event shall Escrow Agent be liable for incidental, indirect, special, consequential or punitive damages of any kind whatsoever (including, but not limited to, lost profits), even if Escrow Agent has been advised of the likelihood of such loss or damage and regardless of the form of action. Escrow Agent shall have no liability with respect to the transfer or distribution of any funds effected by Escrow Agent pursuant to wiring or transfer instructions provided to Escrow Agent in accordance with the provisions of this Escrow Agreement. No provision of this Escrow Agreement shall require Escrow Agent to risk or advance its own funds or otherwise incur any financial liability or potential financial liability in the performance of its duties or the exercise of its rights under this Escrow Agreement. Escrow Agent shall in no event incur any liability with respect to (i) any action taken or omitted to be taken in good faith upon advice of legal counsel, which may be counsel to any party hereto, given with respect to any question relating to the duties and responsibilities of Escrow Agent hereunder or (ii) any action taken or omitted to be taken in reliance upon any instrument delivered to Escrow Agent and believed by it to be genuine and to have been signed or presented by the proper party or parties. Escrow Agent shall not be bound in any way by any agreement or contract between Seller and Purchaser, including the Contract and the Master Agreement, whether or not Escrow Agent has knowledge of any such agreement or contract.

Section 2.2. Authority. Each of the parties has authority to enter into this Escrow Agreement, and has taken all actions necessary to authorize the execution of this Escrow Agreement by the representatives whose signatures are affixed hereto.

ARTICLE III. EQUIPMENT ACQUISITION FUND

Section 3.1. Equipment Acquisition Fund. Escrow Agent shall establish a special escrow account designated as the "Tahoe Forest Hospital District Equipment Acquisition Fund" (the "Equipment Acquisition Fund"), shall keep such Equipment Acquisition Fund separate and apart from all other funds and moneys held by it and shall administer such Equipment Acquisition Fund as provided in this Escrow Agreement.

Section 3.2. Deposit. Upon execution of the Contract and delivery to Seller by Purchaser of all documents required to be delivered thereunder, Seller shall deposit or cause to be deposited with Escrow Agent an amount equal to the Initial Deposit Amount. Escrow Agent shall credit such amount to the Equipment Acquisition Fund. The Initial Deposit Amount is to be sent by Seller to Escrow Agent by wire transfer to: **Opus Bank, ABA# _____, Account# _____, Account Name: Escrow Services, Beneficiary Tahoe Forest Hospital District, Attention: _____.**

Section 3.3. Disbursements. Escrow Agent shall use the moneys in the Equipment Acquisition Fund from time to time to pay the Acquisition Cost of each item of Equipment, within a reasonable time of receipt with respect thereto of a Payment Request Form executed by Seller and Purchaser. Upon receipt of a Payment Request Form executed by Seller and Purchaser, an amount equal to the Acquisition Cost as shown therein shall be paid directly by Escrow Agent to the person or entity entitled to payment as specified therein. Although the Payment Request Form may have schedules, invoices and other supporting documents attached to it, Seller will send to Escrow Agent only the page or pages showing the signatures of Seller and Purchaser, the Acquisition Cost and related payment information, without such schedules, invoices or other supporting documentation. Escrow Agent may act and rely upon the signed Payment Request Form without the need to review or verify any such schedules, invoices or other supporting documentation.

Section 3.4. Transfers Upon Completion. Unless all of the funds deposited by Seller in the Equipment Acquisition Fund have been previously disbursed pursuant to Section 3.3 or paid to Seller pursuant to Section 3.5 or deducted and paid to Escrow Agent pursuant to Section 6.1 or 6.2, on the Ending Date, Escrow Agent shall pay upon written direction from Seller all remaining moneys in the Equipment Acquisition Fund to Seller or its assignee for application as a prepayment of the unpaid Installment Payments under the related Contract; provided, however, that prior to paying such amounts to Seller, Escrow Agent shall first deduct from interest earnings held in the Equipment Acquisition Fund all amounts owed to Escrow Agent hereunder as provided in Section 6.1 and 6.2. Seller and Purchaser agree that any amounts received by Seller pursuant to this Section 3.4 shall be subject to a prepayment fee equal to two percent (2%) of such amount. Seller shall apply amounts received under this Section 3.4 first to unpaid fees (including the prepayment fee), late charges and collection costs, if any, which have accrued or been incurred under the Master Agreement, then to overdue Installment Payments on the Contract and then proportionately to the principal component of each Installment Payment thereafter due under the Contract. Seller shall provide Purchaser with a revised Payment Schedule which shall reflect the revised

principal balance and reduced Installment Payments due under the Contract. Capitalized terms used in this Section 3.4, but not defined herein, shall have the meanings given to such terms in the Contract. Escrow Agent shall have no responsibility to the appropriate application by Purchaser or Seller of any moneys distributed by Escrow Agent under this Section 3.4.

Section 3.5. Liquidation. Upon receipt of written notice from Seller stating that an Event of Default has occurred, Escrow Agent shall, without notice to or consent by Purchaser, liquidate all investments held in the Equipment Acquisition Fund and transfer the proceeds thereof and all other moneys held in the Equipment Acquisition Fund to Seller; provided, however, that prior to transferring such amounts to Seller, Escrow Agent shall first deduct from interest earnings held in the Equipment Acquisition Fund all amounts owed to Escrow Agent hereunder as provided in Section 6.1 and 6.2. Escrow Agent shall have no liability to Purchaser or any other person or entity in connection with, and shall be fully protected in, liquidating the investments in the Equipment Acquisition Fund and transferring the proceeds thereof and all other moneys held in the Equipment Acquisition Fund to Seller pursuant to such written notice, without notice to or consent of Purchaser.

Section 3.6. Responsible Party. Purchaser shall be responsible for the initiation of the disbursement process pursuant to Section 3.3 hereof. Neither Escrow Agent nor Seller shall be responsible for any additional monies assessed to Purchaser resulting from disbursements made from the Equipment Acquisition Fund.

ARTICLE IV. ESCROW; INVESTMENT

Section 4.1. Escrow; Disposition or Distribution of Funds Upon Instructions from Seller. The moneys and investments held by Escrow Agent under this Escrow Agreement shall be held in escrow by Escrow Agent for the benefit of Seller and Purchaser in accordance with the terms and provisions of this Escrow Agreement, and such moneys, together with any income or interest earned, shall be disbursed by Escrow Agent only as provided in this Escrow Agreement, and shall not be subject to levy or attachment or lien by or for the benefit of any creditor of either Seller or Purchaser (other than Seller's security interest granted hereunder). Purchaser hereby grants to Seller a security interest in the Equipment Acquisition Fund, all deposit accounts and securities accounts in which the Equipment Acquisition Fund is invested or deposited, and all proceeds thereof. Escrow Agent shall have no duty or obligation with respect to the creation, perfection or continuation of such security interest, it being understood and agreed that the duties of Escrow Agent with respect to any property held pursuant to this Escrow Agreement are limited and confined exclusively to the duties and responsibilities expressly set forth herein. Escrow Agent shall have no responsibility at any time to file any financing statement under the Uniform Commercial Code of any jurisdiction with respect to the Equipment Acquisition Fund or any part thereof. Seller shall be entitled at any time to deliver written instructions to Escrow Agent directing the disposition or distribution of all or any part of the funds or proceeds of investments in the Equipment Acquisition Fund without notice to or the consent of Purchaser, and Escrow Agent shall promptly comply with such written instructions of Seller. Escrow Agent shall have no liability to Purchaser or any other person or entity in connection with, and shall be fully protected in, disposing or distributing the funds and proceeds of investments in the Equipment Acquisition Fund pursuant to such written instructions of Seller.

Section 4.2. Investment. Moneys held by Escrow Agent hereunder shall be invested and reinvested by Escrow Agent only in Qualified Investments. Such investments shall be registered in the name of Escrow Agent and held by Escrow Agent for the benefit of Seller and Purchaser. Escrow Agent may purchase or sell to itself or any affiliate, as principal or agent, investments authorized by this Article IV. Any income received on such investments shall be credited to the Equipment Acquisition Fund and any loss on such investments shall be charged to the Equipment Acquisition Fund. Escrow Agent shall not be responsible or liable for any loss suffered in connection with any investment of moneys made by it in accordance with this Article IV.

Section 4.3. Disposition of Investments. Escrow Agent shall, without further direction from Seller or Purchaser, sell such investments as and when required to make any payment from the Equipment Acquisition Fund.

Section 4.4. Accounting. Escrow Agent shall keep complete and accurate records of all moneys received and disbursed under this Escrow Agreement which shall be available for inspection by Seller or Purchaser, or the agent of either of them, at any time during regular business hours upon prior written request. Escrow Agent shall furnish to Seller and Purchaser no less than quarterly an accounting of all investments and interest and income therefrom.

Section 4.5. Termination. This Escrow Agreement shall terminate upon disbursement by Escrow Agent of all moneys held by it hereunder. Notwithstanding the foregoing, this Escrow Agreement shall not be considered to be terminated until all fees, costs and expenses of Escrow Agent have been paid in full. Upon termination, Escrow Agent shall be discharged from all duties and responsibilities under this Escrow Agreement.

ARTICLE V. ESCROW AGENT'S AUTHORITY; INDEMNIFICATION

Section 5.1. Validity. Escrow Agent may act upon any writing or instrument or signature which it believes to be genuine, may assume the validity and accuracy of any statement or assertion contained in such a writing or instrument, and may assume that any person purporting to give any writing, notice, advice or instructions in connection with the provisions hereof has been duly authorized to do so, and Escrow Agent shall be under no duty to make any investigation or inquiry as to any of the foregoing. Escrow Agent shall be under no duty to make any investigation or inquiry as to any of the foregoing.

Agent shall not be liable in any manner for the sufficiency or correctness as to form, manner and execution, or validity of any instrument deposited with it, nor as to the identity, authority or right of any person executing the same. Escrow Agent shall be entitled to rely upon any statement, certificate, document or instrument presented to it by or on behalf of Purchaser or Seller by any of their respective authorized signors shown on their respective Certificates of Incumbency provided pursuant to Section 8.12.

Section 5.2. Use of Counsel and Agents. Escrow Agent may execute any of its powers and perform any of its duties hereunder by or through attorneys, agents, or receivers. Escrow Agent shall be entitled to advice of legal counsel concerning all matters arising under this Escrow Agreement and shall be paid or reimbursed by Purchaser for the reasonable fees and expenses of such counsel, as provided in Section 6.1. Escrow Agent shall have no liability and shall be fully protected with respect to any action taken or omitted pursuant to the advice of such legal counsel. Escrow Agent shall not be answerable for the default or misconduct of any such attorney, agent, or receiver selected by it with reasonable care.

Section 5.3. Disagreements; Interpleader. As an additional consideration for and as an inducement for Escrow Agent to act hereunder, it is understood and agreed that, in the event of any disagreement between the parties to this Escrow Agreement or among them or any other persons resulting in adverse claims and demands being made in connection with or for any money or other property involved in or affected by this Escrow Agreement, or in the event that Escrow Agent in good faith is in doubt as to what action it should take hereunder, Escrow Agent may, at its option, refuse to comply with any claims or demands on it, or refuse to take any other action hereunder, so long as such disagreement continues or such doubt exists, and in any such event, Escrow Agent shall not be or become liable in any way or to any person or entity for its failure or refusal to act, and Escrow Agent shall be entitled to continue to refrain from acting until (i) the rights of all interested persons and entities shall have been fully and finally adjudicated by a court of competent jurisdiction, or (ii) all differences shall have been adjudged and all doubt resolved by agreement among all interested persons and entities, and Escrow Agent shall have been notified thereof in writing signed by all such persons and entities. In the event of any disagreement or doubt, as described above, Escrow Agent shall have the right, in addition to the rights described above and at the option of Escrow Agent, to tender into the registry or custody of any court having jurisdiction, all money and property comprising the Equipment Acquisition Fund or to take such other legal action as may be appropriate or necessary, in the sole discretion of the Escrow Agent. Upon such tender, the parties hereto agree that Escrow Agent shall be discharged from all further duties and responsibilities under this Escrow Agreement; *provided, however*, that the filing of any such legal proceedings shall not deprive Escrow Agent of its compensation hereunder earned prior to such filing and discharge of Escrow Agent of its duties and responsibilities hereunder; and *further provided, however*, that the tender of such money and property shall not terminate Seller's security interest therein. The rights of Escrow Agent under this Section are cumulative of all other rights which it may have by law or otherwise.

Purchaser agrees that, whether under this Section 5.3 or any other provisions of this Escrow Agreement, in the event any controversy arises under or in connection with this Escrow Agreement or the Equipment Acquisition Fund or in the event that Escrow Agent is made a party to or intervenes in any litigation pertaining to this Escrow Agreement or the Equipment Acquisition Fund, to pay to Escrow Agent reasonable additional compensation for its extraordinary services and to reimburse Escrow Agent for all costs and expenses associated with such controversy or litigation, including reasonable attorney's fees. The provisions of this Section 5.3 shall survive the termination of this Escrow Agreement and the resignation of Escrow Agent.

Section 5.4. Indemnification. Escrow Agent shall have no obligation to take any legal action in connection with this Escrow Agreement or towards its enforcement, or to appear in, prosecute or defend any action or legal proceeding which would or might involve it in any cost, expense, loss or liability unless security and indemnity, as provided in this Section 5.5, shall be furnished. To the extent permitted by applicable law, Purchaser agrees to indemnify Escrow Agent and its officers, directors, employees and agents and save Escrow Agent and its officers, directors, employees and agents harmless from and against any and all Claims (as hereinafter defined) and Losses (as hereinafter defined) which may be incurred by Escrow Agent or any of such officers, directors, employees or agents as a result of Claims asserted against Escrow Agent or any of such officers, directors, employees or agents as a result of or in connection with Escrow Agent's capacity as such under this Escrow Agreement by any person or entity. For the purposes hereof, the term "Claims" shall mean all claims, lawsuits, causes of action or other legal actions and proceedings of whatever nature brought against (whether by way of direct action, counterclaim, cross action or impleader) Escrow Agent or any such officer, director, employee or agent, even if groundless, false or fraudulent, so long as the claim, lawsuit, cause of action or other legal action or proceeding is alleged or determined, directly or indirectly, to arise out of, result from, relate to or be based upon, in whole or in part: (a) the acts or omissions of Seller or Purchaser, (b) the appointment of Escrow Agent as escrow agent under this Escrow Agreement, or (c) the performance or failure of performance by Escrow Agent of its powers and duties under this Escrow Agreement; and the term "Losses" shall mean losses, costs, damages, expenses, judgments and liabilities of whatever nature (including but not limited to attorneys', accountants' and other professionals' fees, litigation and court costs and expenses and amounts paid in settlement), directly or indirectly resulting from, arising out of or relating to one or more Claims. Upon the written request of Escrow Agent or any such officer, director, employee or agent (each referred to hereinafter as an "Indemnified Party"), and to the extent permitted by law, Purchaser agrees to assume the investigation and defense of any Claim, including the employment of counsel acceptable to the applicable Indemnified Party and the payment of all expenses related thereto and, notwithstanding any such assumption, the

Indemnified Party shall have the right, and Purchaser agrees to pay the cost and expense thereof, to employ separate counsel with respect to any such Claim and participate in the investigation and defense thereof in the event that such Indemnified Party shall have been advised by counsel that there may be one or more legal defenses available to such Indemnified Party which are different from or additional to those available to either Lessor or Purchaser. Purchaser hereby agrees that the indemnifications and protections afforded Escrow Agent in this Section 5.5 shall survive the termination of this Escrow Agreement and any resignation or removal of Escrow Agent.

ARTICLE VI. COMPENSATION

Section 6.1. Escrow Agent Fee. Escrow Agent shall be paid by Purchaser the Escrow Agent Fee shown on Schedule I for the ordinary services to be rendered hereunder, and will be paid and/or reimbursed by Purchaser upon request for all costs, expenses, disbursements and advances, such as reasonable attorney's fees and court costs, incurred or made by Escrow Agent in connection with carrying out its duties hereunder, including the costs, expenses, disbursements and advances described in Sections 5.2, 5.3 and 6.2. The Escrow Agent Fee and such other costs, expenses, disbursements and advances shall be payable from the interest earnings from the Equipment Acquisition Fund; provided, however, that in the event a shortfall occurs, said shortfall shall be the responsibility of Purchaser and not the responsibility of Escrow Agent, Seller, or their agents or assigns. Purchaser and Seller expressly authorize and direct Escrow Agent (i) to deduct (and pay to itself) the amount of the Escrow Agent Fee from the interest earnings on the Equipment Acquisition Fund on the date such fund is closed immediately prior to making the final distribution of amounts held therein and (ii) to deduct (and pay to itself) the amount of Escrow Agent's costs, expenses, disbursements and advances from the interest earnings on the Equipment Acquisition Fund as such costs, expenses, disbursements and advances are incurred by Escrow Agent. Any such shortfall shall be paid by Purchaser to Escrow Agent within 30 days following receipt by Purchaser of a written statement setting forth such shortfall. The provisions of this Section shall survive the termination of this Escrow Agreement and any resignation or removal of Escrow Agent.

Section 6.2. Investment Fees. Escrow Agent shall be entitled to charge reasonable fees and commissions in connection with the investment by it of amounts held in the Equipment Acquisition Fund (the "Investment Fees"). Investment Fees are more fully delineated and defined in any prospectus referenced in or attached to the attached Schedule I. Other Investment Fees may apply for self-directed investment choices or for extraordinary investments outside the Qualified Investment defined herein. Seller and Purchaser hereby authorize and direct Escrow Agent to periodically deduct the Investment Fees from investment earnings on the Equipment Acquisition Fund.

Section 6.3. Security for Fees and Expenses. As security for all fees and expenses of Escrow Agent hereunder and any and all losses, claims, damages, liabilities and expenses incurred by Escrow Agent in connection with its acceptance of appointment hereunder or with the performance of its obligations under this Escrow Agreement and to secure the obligation of Purchaser to indemnify Escrow Agent as set forth in Section 5.5, Escrow Agent is hereby granted by Purchaser and Seller a security interest in and a lien upon the Equipment Acquisition Fund, all deposit accounts and securities accounts in which the Equipment Acquisition Fund is invested or deposited, and all proceeds thereof, which security interest and lien shall be prior to all other security interests, liens or claims against the Equipment Acquisition Fund or any part thereof.

ARTICLE VII. CHANGE OF ESCROW AGENT

Section 7.1. Removal of Escrow Agent. Seller and Purchaser, by written agreement, may by written request, at any time and for any reason, remove Escrow Agent and any successor thereto, and shall thereupon appoint a successor or successors thereto, but any such successor shall have capital (exclusive of borrowed capital) and surplus of at least Fifty Million Dollars (\$50,000,000), and be subject to supervision or examination by federal or state authority. If such bank or trust company publishes a report of condition at least annually, pursuant to statute or the requirements of any federal or state supervising or examining authority, then for the purposes of this Section 7.1, the combined capital and surplus of such bank or trust company may be conclusively established in its most recent report of condition so published.

Section 7.2. Resignation of Escrow Agent. Escrow Agent may resign at any time from its obligations under this Escrow Agreement by providing written notice to the parties hereto. Such resignation shall be effective on the date set forth in such written notice which shall be no earlier than 30 days after such written notice has been given, unless an earlier resignation date and the appointment of a successor Escrow Agent shall have been approved by Seller and Purchaser. In the event no successor escrow agent has been appointed on or prior to the date such resignation is to become effective, Escrow Agent shall be entitled to tender into the custody of a court of competent jurisdiction all assets then held by it hereunder and shall thereupon be relieved of all further duties and obligations under this Escrow Agreement. Escrow Agent shall have no responsibility for the appointment of a successor escrow agent hereunder.

Section 7.3. Merger or Consolidation. Any entity into which Escrow Agent may be merged or converted, or with which it may be consolidated, or any entity resulting from any merger, conversion or consolidation to which it shall be a party, or any company

to which Escrow Agent may sell or transfer all or substantially all of its escrow services business (provided that such company shall be eligible under Section 7.1) shall be the successor to Escrow Agent without any execution or filing or further act.

ARTICLE VIII. ADMINISTRATIVE PROVISIONS.

Section 8.1. Notice. All written notices to be given under this Escrow Agreement shall be given by mail or by overnight courier to the party entitled thereto at its contact information specified on Schedule I, or at such contact information as the party may provide to the other parties hereto in writing from time to time. Any such notice shall be deemed to have been received 72 hours after deposit in the United States mail in registered or certified form, with postage fully prepaid, 24 hours after deposit with a courier, charges prepaid, or if given by other means, when delivered at the address specified in Schedule I; provided, however, that notwithstanding anything to the contrary herein provided, Escrow Agent shall not be deemed to have received any notice hereunder prior to Escrow Agent's actual receipt thereof. Any notice given by any party shall be given to both other parties.

Section 8.2. Assignment. Except as expressly herein provided to the contrary, the rights and duties of each of the parties under this Escrow Agreement shall not be assignable to any person or entity without the written consent of all of the other parties. Notwithstanding the above, Seller may freely assign all or any part of its interest in this Escrow Agreement and the Equipment Acquisition Fund in connection with an assignment by Seller of its rights under the Contract; provided, however, that Seller shall give Escrow Agent prior written notice of any such assignment, and, if requested by Escrow Agent, the parties hereto and the proposed assignee shall execute and deliver an amendment to this Escrow Agreement in form and substance satisfactory to Escrow Agent prior to any such assignment becoming effective.

Section 8.3. Binding Effect. This Escrow Agreement shall be binding upon and inure to the benefit of the parties and their respective successors and assigns.

Section 8.4. Severability. In the event any provision of this Escrow Agreement shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

Section 8.5. Entire Agreement; Amendments. This Escrow Agreement constitutes the entire agreement of the parties with respect to the subject matter hereof and supersedes all prior and contemporaneous writings, understandings, agreements, solicitation documents and representations, express or implied. By execution of this Escrow Agreement, Escrow Agent shall not be deemed or considered to be a party to any other document, including the Master Agreement and the Contract. This Escrow Agreement may be amended, supplemented or modified only by written documents duly authorized, executed and delivered by each of the parties hereto.

Section 8.6. Captions. The captions or headings in this Escrow Agreement are for convenience only and in no way define, limit or describe the scope or intent of any provisions, Articles, Sections or clauses hereof.

Section 8.7. Further Assurances and Corrective Instruments. Seller and Purchaser agree that they will, from time to time, execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, such supplements hereto and such further instruments as may be necessary or proper to carry out the intention or to facilitate the performance of the parties under this Escrow Agreement, and for better assuring and confirming the rights and benefits provided herein.

Section 8.8. Governing Law. This Escrow Agreement shall be construed and governed in accordance with the laws of California.

Section 8.9. Execution in Counterparts. This Escrow Agreement may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same Escrow Agreement.

Section 8.10. Waiver of Jury Trial. TO THE EXTENT PERMITTED BY APPLICABLE LAW, SELLER, PURCHASER AND ESCROW AGENT HEREBY WAIVE ANY RIGHT TO TRIAL BY JURY IN ANY ACTION OR PROCEEDING WITH RESPECT TO, IN CONNECTION WITH OR ARISING OUT OF THIS ESCROW AGREEMENT.

Section 8.11. No Tax Reporting. Escrow Agent will not be responsible for tax reporting of any income on the Equipment Acquisition Fund.

Section 8.12. Authorized Signatures. Contemporaneously with the execution and delivery of this Escrow Agreement and, if necessary, from time to time thereafter, each of the parties to this Escrow Agreement (other than Escrow Agent) shall execute and deliver to Escrow Agent a Certificate of Incumbency substantially in the form of Exhibit B hereto (a "Certificate of Incumbency") for the purpose of establishing the identity and authority of persons entitled to issue notices, instructions or directions to Escrow Agent on behalf of each such party. Until such time as Escrow Agent shall receive an amended Certificate of Incumbency replacing any Certificate of Incumbency theretofore delivered to Escrow Agent, Escrow Agent shall be fully protected in relying, without further inquiry, on the most recent Certificate of Incumbency furnished to Escrow Agent. Whenever this Escrow Agreement provides for joint written notices, joint written instructions or other joint actions to be delivered to Escrow Agent, Escrow Agent shall be fully

protected in relying, without further inquiry, on any joint written notice, instructions or action executed by persons named in such Certificate of Incumbency.

[SIGNATURE PAGES FOLLOW]

DRAFT

EXECUTION PAGE OF ESCROW AGREEMENT

IN WITNESS WHEREOF, the parties have executed this Escrow Agreement as of the Date of Escrow Agreement shown on Schedule I.

OPUS BANK,
Escrow Agent

OPUS BANK,
Seller

By: _____
Name:
Title:

By: _____
Name:
Title:

Tahoe Forest Hospital District,
Purchaser

[SEAL]

By: _____
Harry Weis
Chief Executive Officer

Schedule I Escrow Agreement Information
Exhibit A Payment Request Form
Exhibit B Incumbency Certificate

SCHEDULE I

Contract Number: <27>

Equipment Schedule: <10>

Date of Escrow Agreement: _____

Purchaser's State/Commonwealth: California

Initial Deposit Amount: <11>

Date of Master Agreement: October 1, 2018

Beneficiary Name for Fund: Tahoe Forest Hospital District

Ending Date: <22>

Fees: \$250.00 (Escrow Agent)
Investment Fees, if any, are more fully defined on the attached prospectus, if any
Extension and other fees may be applicable if not disbursed by the Ending Date.

Purchaser's Name: Tahoe Forest Hospital District
Purchaser's Mailing Address: 10121 Pine Avenue, Truckee, CA 96161

Purchaser's Telephone: (530) 582-6656
Purchaser's Facsimile: (530) 582-3567
Purchaser's Taxpayer Identification Number: <23>

Escrow Agent's Address: Opus Bank

_____, CA _____
Attention: _____

Escrow Agent's Telephone: () - -
Escrow Agent's Facsimile: () - -

Seller's Address: OPUS BANK
131 West Commonwealth Avenue
Fullerton, CA 92832
Attention: Escrow Disbursement Coordinator

Seller's Telephone: (410) 307-6749
Seller's Facsimile: (410) 307-6665
Seller's Taxpayer Identification Number: <24>

EXHIBIT A

PAYMENT REQUEST FORM NO. _____

OPUS BANK, as Escrow Agent under an Escrow Agreement dated as of _____ (the "Escrow Agreement") by and among Escrow Agent, **OPUS BANK**, as Seller, and Tahoe Forest Hospital District, as Purchaser, is hereby requested to pay, from the Equipment Acquisition Fund, to the person or entity designated below as payee, that amount set forth opposite each such name, in payment of the Acquisition Costs of the Equipment designated opposite such payee's name and described on the attached page(s). The terms capitalized in this Payment Request Form but not defined herein shall have the meanings assigned to them in the Escrow Agreement.

PAYEE	PAYEE'S ADDRESS	AMOUNT	INVOICE #	EQUIPMENT

Purchaser hereby certifies that:

1. Attached hereto are true and correct copies of manufacturer's and/or dealer's invoices relating to the order, delivery and acceptance of the Equipment described in this Payment Request Form.
2. Unless this Payment Request Form relates to partial payment of a Vendor, as defined in the Contract, in connection with a purchase order approved by Seller, (a) the above-described Equipment has been acquired, made, delivered, installed and accepted as of the date hereof, (b) Purchaser has conducted such inspection and/or testing of such Equipment as it deems necessary and appropriate, and (c) Purchaser has accepted the above-described Equipment for all purposes under the Contract.
3. The representations and warranties contained in the Contract are true and correct as of the date hereof.
4. No Event of Default, as such term is defined in the Contract, or event which with the giving of notice or passage of time or both would constitute an Event of Default, has occurred.

Dated: _____.

Tahoe Forest Hospital District,

Purchaser

By: _____

Harry Weis

Chief Executive Officer

Date: _____

APPROVED:

OPUS BANK, Seller

By: _____

Name: _____

Title: _____

Date: _____

EXHIBIT B

**Certificate of Incumbency
(List of Authorized Representatives)**

Re: Escrow Agreement among Tahoe Forest Hospital District, as purchaser, Opus Bank, as seller, and Opus Bank, as escrow agent (the "Escrow Agreement")

Client Name: Tahoe Forest Hospital District

As a duly authorized officer of the above referenced entity, I hereby certify that the each person listed below is an authorized signor for such entity, and that the title and signature appearing beside each name is true and correct.

Name	Title	Signature	Contact Number
Harry Weis (530) 582-6656	Chief Executive Officer	_____	_____

IN WITNESS WHEREOF, this certificate has been executed by the duly authorized officer whose name and title are set forth below:

By: _____
Title: _____

**Exhibit 6 to Equipment Schedule No. <10>
Master Installment Purchase Agreement dated October 1, 2018**

TO: <25>

Gentlemen:

Tahoe Forest Hospital District has entered into a Master Installment Purchase Agreement dated as of October 1, 2018 with **OPUS BANK**. In accordance with the Agreement, Purchaser is instructing the insurance agent named above to issue:

- a. All Risk Physical Damage Insurance on the Equipment evidenced by a **Certificate of Insurance and Long Form Loss Payable Clause naming OPUS BANK and/or its assigns as Loss Payee.**

The Coverage Required is \$<11>.

- b. Public Liability Insurance evidenced by a **Certificate of Insurance naming OPUS BANK and/or its assigns as Additional Insured.**

The following minimum coverage is required:

Liability:	\$ 500,000.00 per person
Liability - Bodily Injury:	\$1,000,000.00 aggregate
Liability - Property Damage:	\$1,000,000.00 property damage liability

PROPERTY: <26>

LOCATION: <13>

Upon issuance of the coverage outlined above, please mail a certificate of insurance to OPUS BANK, 131 West Commonwealth Avenue, Fullerton, CA 92832.

Your courtesy in issuing and forwarding the requested certificate at your earliest convenience will be appreciated.

Very truly yours,

Tahoe Forest Hospital District,

By: _____
Harry Weis
Chief Executive Officer

Date: _____

**Exhibit 6 to Equipment Schedule No. <10>
Master Installment Purchase Agreement dated October 1, 2018**

OPUS BANK
131 West Commonwealth Avenue
Fullerton, CA 92832

Ladies and Gentlemen:

The undersigned is the risk manager or insurance consultant for Tahoe Forest Hospital District (the "Purchaser"), and in such connection the undersigned is familiar with Purchaser's insurance and self-insurance arrangements. In connection with Equipment Schedule No. <10> (the "Equipment Schedule") to the Master Installment Purchase Agreement dated as of October 1, 2018 (the "Master Agreement"), between Purchaser and Opus Bank. (the "Seller"), the undersigned makes the following certifications to Seller. Capitalized terms used but not defined herein have the meanings given in the Master Agreement.

1. Purchaser is self-insured for damage or destruction to the Equipment described in the Equipment Schedule (the "Equipment"). The dollar amount limit for property damage to the Equipment under such self-insurance program is \$_____. [Purchaser maintains an umbrella insurance policy for claims in excess of Purchaser's self-insurance limits for property damage to the Equipment which policy has a dollar limit for property damage to the Equipment under such policy of \$_____.]

2. Purchaser is self-insured for liability for injury or death of any person or damage or loss of property arising out of or relating to the condition or operation of the Equipment. The dollar limit for such liability claims under the Purchaser's self-insurance program is \$_____. [Purchaser maintains an umbrella insurance policy for claims in excess of Purchaser's self-insurance limits for liability which policy has a dollar limit for liabilities for injury and death to persons as well as damage or loss of property arising out of or relating to the condition or operation of the Equipment in the amount of \$_____.]

[3]. Purchaser maintains a self-insurance fund. Monies in the self-insurance fund [are/are not] subject to annual appropriation. The total amount maintained in the self-insurance fund to cover Purchaser's self-insurance liabilities is \$_____. [Amounts paid from Purchaser's self-insurance fund are subject to a dollar per claim of \$_____.]

[3]. The Purchaser does not maintain a self-insurance fund. The Purchaser obtains funds to pay claims for which it has self-insured from the following sources: _____. Amounts payable for claims from such sources are limited as follows: _____

Dated: _____

Very truly yours,

By: _____

Name: _____

Title: _____

Exhibit 7 to Equipment Schedule No. <10>
Master Installment Purchase Agreement dated as of October 1, 2018

[FORM 8038-G OR 8038-GC]

DRAFT

[PAGE TO BE REPLACED BY UCC FINANCING STATEMENT]

DRAFT

SCHEDULE A TO FINANCING STATEMENT OF

**Tahoe Forest Hospital District, AS DEBTOR, AND
OPUS BANK, AS SECURED PARTY**

Continuation of Collateral Description

The financing statement to which this Schedule A is attached covers the types of property described on the face of such financing statement and all of the Debtor's right, title and interest in and to (collectively, the "Collateral"):

(a) the equipment described in Equipment Schedule No. <10> (the "Equipment Schedule") to the Master Installment Purchase Agreement dated as of October 1, 2018 (the "Agreement," and together with the Equipment Schedule, the "Contract") between Debtor, as Purchaser, and Secured Party, as Seller, as such Contract may be amended, modified or supplemented from time to time;

(b) to the extent not included in the foregoing, all books, ledgers and records and all computer programs, tapes, discs, punch cards, data processing software, transaction files, master files and related property and rights (including computer and peripheral equipment) necessary or helpful in enforcing, identifying or establishing any item of Collateral; and

(c) to the extent not included in the foregoing, all repairs, replacements, substitutions, restorations, accessions, improvements and modifications and all proceeds and products of any or all of the foregoing, whether existing on the date hereof or arising hereafter, including insurance proceeds.

**EQUIPMENT SCHEDULE NO. 01
TO MASTER INSTALLMENT PURCHASE AGREEMENT**

The following described Equipment comprises an Equipment Group which is the subject of the Master Installment Purchase Agreement dated as of October 1, 2018 (the "Agreement") between the undersigned Seller and Purchaser. The Agreement is incorporated herein in its entirety, and Purchaser hereby reaffirms each of its representations, warranties and covenants contained in the Agreement. Purchaser warrants that no Event of Default, or event which, with the passage of time or the giving of notice or both, would constitute an Event of Default, has occurred under the Agreement.

1. Equipment Group. The cost of the Equipment Group to be funded by Seller under this Contract is \$8,000,000.00. The Equipment Group consists of the following Equipment which has been or shall be purchased from the Vendor(s) named below for the prices set forth below:

Dept	Description	Qty	Total Cost
TAHOE FOREST HOSPITAL			
House-wide			
	Telemetry Monitors	X	\$ 1,200,000
	Infusion Pumps	X	\$ 950,000
	Holter Monitors	X	\$ 120,000
6010	Intensive Care Unit		
	Critical Care Bed	1	\$ 20,000
6170	Med Surg		
	Vein Finder	1	\$ 7,000
6380_6530	OB		
	Slim line Workstation on Wheels	2	\$ 6,000
6580	SNF		
	Laptops	2	\$ 4,400
7010	Emergency Dept		
	Gurney	2	\$ 6,000
7075	Women's Center		
	Ultrasound Machine	1	\$ 5,000
	Non-Stress Test Machine	1	\$ 6,000
7077	Pediatrics		
	Timus Vision Machine	1	\$ 2,891
7079	IM Cardiology		
	EKG Machine	1	\$ 15,000
	Treadmill (Quinton)	1	\$ 13,000
	Freezer	1	\$ 1,500
7086	Urology		
	Bladder Scanner	1	\$ 3,600
7420	Surgical Services		
	Tissue Freezer	1	\$ 9,417

	Fluent fluid management system	1	\$ 30,000
	MyoSure Hysteroscopy Set	2	\$ 16,630
	Medtronic ENT Navigation system	1	\$ 90,000
	Stryker System 7 Orthopedic Power Instruments	1	\$ 98,500
	Rhinoplasty tray	1	\$ 20,000
	Facelift tray	1	\$ 20,000
	Colonoscopes		\$ 78,000
	Urology Equipment		\$ 200,000
	Censis Track Instrument, Scope and Tissue Tracking		\$ 90,000
	Slim line Workstation on Wheels	3	\$ 15,000
	Ipads	6	\$ 4,200
7427	Ambulatory Surgery		
	Portable vital signs monitors	2	\$ 14,000
7450	Anesthesia		
	Terason Ultrasound Machine Curvilinear Probe	1	\$ 7,000
	MRI Compatible Anesthesia Machine	1	\$ 60,000
7500	Lab		
	Blood Typing & Screening Instrument	1	\$ 93,000
	Bacterial Culture CO2 Incubator	1	\$ 7,000
	Blood Gases Instrument	1	\$ 9,000
	Molecular Testing Platform	1	\$ 120,000
	Osmometer	1	\$ 13,500
	Reagent Refrigerators	1	\$ 5,466
	EKG Machine	1	\$ 14,000
7630	Diagnostic Imaging		
	C-arm for Orthopedic Surgeon Mobile fluoroscopy in OR	1	\$ 75,000
	Radiographic X-Ray Unit Digital	1	\$ 250,000
	Xcellera Upgrade Hardware/Software		\$ 110,000
	Radiologist Workstation for their Home		\$ 11,585
	System Administrator workstation		\$ 2,500
	VRAD Integration Software		\$ 10,000
	Nuance Upgrade Software		\$ 7,500
	Ortho Software and data move		\$ 18,000
7660	MRI		
	MRI VITAL Signs Monitor	1	\$ 71,500
7672	Briner Ultrasound		
	Cart for ABI System (rubbermade)	1	\$ 4,500
7720	Respiratory Therapy		
	BiPAP Core Packate	1	\$ 6,120
	Cancer Center		

	Infusion Chairs	8	\$ 8,000
	Monitors (vital Signs)	4	\$ 14,000
	Replacement chair	2	\$ 5,000
	Upgrade AV and Telemedicine equipment Hardware		\$ 50,000
	Multifunction Printer		\$ 13,000
Dietary			
	Plate and Base Warmer	2	\$ 11,000
	Alto-Sham	1	\$ 8,896
	Fryer	1	\$ 14,323
18480	IT		
	Singlewire Software		\$ 25,000
	Cell Booster Hardware		\$ 50,000
	Phone Servers Hardware		\$ 35,322
	Network Hardware - HPE Infrastructure		\$ 1,800,000
	Imprivata Single Sign-on Software		\$ 220,000
	MediWare Software Upgrade		\$ 30,000
	Life Med ID Patient Verification Hardware/Software		\$ 60,000
	EPIC EMR - Palliative Care Software		\$ 8,000
	EPIC EMR - Beacon Software		\$ 500,000
	EPIC EMR - Professional Billing Software		\$ 1,000,000
	Varian Software Upgrade		\$ 18,000
	Nutanix Node Hardware		\$ 60,000
	IT Infrastructure Hardware		\$ 50,000
18740	Quality		
	Laptop		\$ 2,200
18560	Patient Access		
	Small foot print Workstation on Wheels		\$ 10,000
	Large Multifunction Printer		\$ 18,000
Wellness			
	Video monitors, repeaters and hardware		\$ 6,500
	Laptop		\$ 2,200
	SUBTOTAL TFH		\$ 7,961,250
INCLINE VILLAGE COMMUNITY HOSPITAL			
7420	Surgery		
	Olympus Multidebrider Handpiece (Diego)	2	\$ 24,745
	Ambu Airway videoscope and monitor	1	\$ 5,000
	Knee Scorpion	1	\$ 3,200
7630	Incline DI		
	Ultrasound		\$ 150,000
7084	Lakeview		

	Medication Refrigerator	1	\$ 6,000
28560	Patient Access		
	Large Multifunction Printer		\$ 18,000
	SUBTOTAL IVCH		\$ 206,945
TAHOE FOREST HOSPITAL DISTRICT GRAND TOTALS			\$ 8,168,195

2. Location of Equipment Group. The Equipment Group is essential to the governmental functions of Purchaser. The Equipment Group is or will be located (or in the case of Equipment constituting vehicles, housed) at the following address(es):

The equipment listed under the sub heading, above, of Incline Village Community Hospital will be located at the following address:

Incline Village Community Hospital
880 Alder Avenue
Incline Village, NV 89451

Some of the IT equipment listed under the sub heading Tahoe Forest Hospital will located at the following address:

Tahoe Forest Hospital Business Services
10875 Pioneer Trail Rd
Truckee, CA 96161

All remaining equipment listed under the sub heading Tahoe Forest Hospital will be located at the following address:

Tahoe Forest Hospital
10121 Pine Avenue
Truckee, CA 96161

3. Contract Date. The Contract Date for this Equipment Schedule is October 25, 2018.

4. Interest Accrual Date. The amounts of the interest component of Installment Payments payable under this Equipment Schedule have been calculated based on the assumption that the proceeds of this Equipment Schedule were disbursed on <14> and such payments of interest component will be payable as set forth in the Payment Schedule regardless of when the proceeds of this Equipment Schedule were actually disbursed.

5. Payment Schedule. The Payment Schedule is attached to this Equipment Schedule as Exhibit 1.

6. Acceptance Certificate. The form of Acceptance Certificate is attached to this Equipment Schedule as Exhibit 2.

7. Purchaser's Certificate. The Purchaser's General and Tax Certificate is attached to this Equipment Schedule as Exhibit 3.

8. Opinion. The opinion of Purchaser's counsel is attached to this Equipment Schedule as Exhibit 4.

9. Proceeds. Seller shall disburse the proceeds of this Equipment Schedule into a Restricted Account with the Seller and such amounts in the Restricted Account shall be disbursed in accordance with the instructions attached hereto as Exhibit 5. Seller is hereby granted a security interest in the Restricted Account and in the Event of Default, Seller may apply the funds in the Restricted Account to payment of the amounts due under the Equipment Schedule. Any proceeds of the Equipment Schedule remaining on , 20 (the "Termination Date") in the Restricted Account shall be applied by Seller as a prepayment of the unpaid Installment Payments under the Equipment Schedule; provided, however, that such prepayment shall be subject to any applicable prepayment premium. Seller shall provide Purchaser with a revised Payment Schedule which shall reflect the revised principal balance and reduced Installment Payments due under the Contract. The Termination Date may be amended in writing by Seller and Purchaser. Minimum draw amounts, other than the final draw, shall be \$500,000.

10. Insurance. Check Item A and/or Item B.

A Purchaser's insurance letter is attached to this Equipment Schedule as Exhibit 6. _____

B. A letter from Purchaser's risk manager or insurance consultant is attached as Exhibit 6. _____

11. Form 8038-G or -GC. The Form 8038-G or Form 8038-GC with respect to the Contract is attached to this Equipment Schedule as Exhibit 7.

12. Cost of Issuance. Purchaser is responsible for all costs of issuance, including, but not limited to CDIAC fees, bond counsel and Seller's counsel costs. The Seller's counsel fees shall not exceed \$5,000.

13. Tax Opinion. A Red Book bond counsel firm shall provide an opinion on the Contract Date that the Interest Component is exempt from federal income taxation.

DRAFT

EXECUTION PAGE OF SCHEDULE NO. 01 TO MASTER INSTALLMENT PURCHASE AGREEMENT

IN WITNESS WHEREOF, Seller has caused this Equipment Schedule to be executed in its corporate name by its duly authorized officer, and Purchaser has caused this Equipment Schedule to be executed in its name by its duly authorized officer.

Tahoe Forest Hospital District,
Purchaser

OPUS BANK,
Seller

By: _____
Name: Harry Weis
Title: Chief Executive Officer

By: _____
Name: _____
Title: _____

Address: 10121 Pine Avenue, Truckee, CA 96161

Address: 131 West Commonwealth Avenue,
Fullerton, CA 92832

Telephone: (530) 582-6656
Facsimile: (530) 582-3567

Telephone: (714) 879-8257
Facsimile: (714) 578-7536

PAYMENT SCHEDULE

The annual interest rate applicable to the Contract shall be 2.66%. So long as an Event of Default has occurred and is continuing, the Seller shall have the right to increase the interest rate by 3.0% (300 basis points). Should the Interest Component become subject to federal income taxation, the interest rate shall be adjusted from the date of taxability to 3.67% per annum. Purchaser will make Installment Payments each consisting of principal and interest as set forth below for a Contract Term of five years. Installment Payments are due as set forth below. **[[Installment Payments may be prepaid in whole on each Payment Date. The first Payment Date on which Installment Payments may be prepaid is <17>]]**

<u>Payment Number</u>	<u>Payment Date</u>	<u>Total Payment</u>	<u>Principal Component</u>	<u>Interest Component</u>	<u>Prepayment Price*</u>
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* After payment of the Installment Payment due on such date. **[need to include 3-2-1% premium in the Prepayment Price above]**

Tahoe Forest Hospital District,
Purchaser

By: _____
Name: Harry Weis
Title: Chief Executive Officer

ACCEPTANCE CERTIFICATE

OPUS BANK
131 West Commonwealth Avenue
Fullerton, CA 92832

Ladies and Gentlemen:

I, the undersigned, hereby certify that I am the duly qualified and acting officer of Purchaser identified below and, with respect to the above referenced Equipment Schedule and Contract, that:

1. The Equipment Group subject to the Equipment Schedule and the Contract has been delivered and installed in its entirety in accordance with the Specifications, is in good working order and is fully operational and has been fully accepted by Purchaser on or before the date hereof.
2. Attached hereto are true and correct copies of the manufacturers' and dealers' invoices for the Equipment Group.
3. Purchaser has appropriated and/or taken other lawful actions necessary to provide moneys sufficient to pay all Installment Payments required to be paid under the Contract during the current budget year of Purchaser. Such moneys will be applied in payment of all such Installment Payments due and payable during such current budget year.
4. No event or condition that constitutes, or with notice or lapse of time, or both, would constitute, an Event of Default (as defined in the Contract) exists at the date hereof.

Dated: _____

Tahoe Forest Hospital District,
Purchaser

By: _____
Harry Weis
Chief Executive Officer
Date: _____

**Exhibit 3 to Equipment Schedule No. 01
Master Installment Purchase Agreement dated as of October 1, 2018**

PURCHASER'S GENERAL AND TAX CERTIFICATE

The undersigned, being the duly elected, qualified and acting Board Secretary of Purchaser, do hereby certify, as of Lease Date for the Lease represented by the Equipment Schedule referred to below (the "Lease Date"), as follows:

1. Purchaser did, at a meeting of the governing body of the Purchaser held September 27, 2018, by resolution or ordinance duly enacted, in accordance with all requirements of law, approve and authorize the execution and delivery of Equipment Schedule No. 01 (the "Equipment Schedule") to the Master Installment Purchase Agreement dated as of October 1, 2018 (the "Master Agreement"), by the Chief Executive Officer of Purchaser (the "Authorized Representative").

2. The name and title of the Authorized Representative is set forth below, and the signature set forth below is the true and authentic signature of the Authorized Representative.

<u>NAME</u>	<u>TITLE</u>	<u>SIGNATURE</u>
Harry Weis	Chief Executive Officer	_____

3. The meeting(s) of the governing body of the Purchaser at which the Master Agreement and the Equipment Schedule were approved and authorized to be executed was duly called, regularly convened and attended throughout by the requisite quorum of the members thereof, and the enactment approving the Master Agreement and the Equipment Schedule and authorizing the execution thereof has not been altered or rescinded. All meetings of the governing body of Purchaser relating to the authorization and delivery of Master Agreement and the Equipment Schedule have been: (a) held within the geographic boundaries of the Purchaser; (b) open to the public, allowing all people to attend; (c) conducted in accordance with internal procedures of the governing body and all applicable open meeting laws; and (d) conducted in accordance with the charter of the Purchaser, if any, and the laws of the State.

4. No event or condition that constitutes, or with the giving of notice or the lapse of time or both would constitute, an Event of Default (as such term is defined in the Master Agreement) exists at the date hereof with respect to the Contract reflected by the Equipment Schedule (the "Contract") or any other Contract under the Master Agreement.

5. The acquisition of all of the Equipment Group under the Contract has been duly authorized by the governing body of Purchaser.

6. Purchaser has, in accordance with the requirements of law, fully budgeted and appropriated sufficient funds for the current budget year to make the Installment Payments scheduled to come due during the current budget year under the Contract and to meet its other obligations for the current budget year and such funds have not been expended for other purposes.

7. As of the date hereof, no litigation is pending, (or, to my knowledge, threatened) against Purchaser in any court (a) seeking to restrain or enjoin the delivery of the Master Agreement or the Equipment Schedule or of other agreements similar to the Master Agreement; (b) questioning the authority of Purchaser to execute the Master Agreement or the Equipment Schedule, or the validity of the Master Agreement or the Equipment Schedule, or the payment of principal of or interest on, the Contract; (c) questioning the constitutionality of any statute, or the validity of any proceedings, authorizing the execution of the Master Agreement and the Equipment Schedule; or (d) affecting the provisions made for the payment of or security for the Master Agreement and the Equipment Schedule.

8. Purchaser has not designated the Contract as a "qualified tax-exempt obligation" as defined in Section 265(b)(3)(B) of the Code.

9. Pursuant to Treasury Regulations Section 1.148-7(d), the gross proceeds of the Contract will be expended for the governmental purposes for which the Equipment Schedule was entered into, as follows: at least 15% within six months after the Contract Date, at least 60% within 12 months after the Contract Date, and 100% within 18 months after the Contract Date. If Purchaser is unable to comply with Section 1.148-7(d) of the Treasury Regulations, Purchaser shall compute rebatable arbitrage on the Contract and pay rebatable arbitrage to the United States at least once every five years, and within 60 days after payment of the final Installment Payment due under the Contract.]

Capitalized terms used without definition in this Certificate have the meanings given in the Master Agreement.

IN WITNESS WHEREOF, I have duly executed this certificate as of the Lease Date.

By: _____
Name: Alyce Wong
Title: Board Secretary

DRAFT

OPINION OF PURCHASER'S COUNSEL

October 25, 2018

OPUS BANK
131 West Commonwealth Avenue
Fullerton, CA 92832

Re: Master Installment Purchase Agreement dated as of October 1, 2018 (the "Agreement") by and between OPUS BANK ("Seller") and Tahoe Forest Hospital District ("Purchaser")

Ladies and Gentlemen:

We have acted as counsel to Purchaser with respect to the above-referenced Agreement and related matters, and in this capacity have reviewed a duplicate original or certified copy of the Agreement and Equipment Schedule No. 01 executed pursuant thereto (the "Equipment Schedule") [[and the Escrow Agreement between Seller, Purchaser and Opus Bank, as escrow Agent (the "Escrow Agreement")]]. The Agreement and the Equipment Schedule [[and the Escrow Agreement]] are referred to herein as the "Financing Documents." The terms capitalized in this opinion but not defined herein shall have the meanings assigned to them in the Financing Documents. Based upon the examination of these and such other documents as we have deemed relevant, it is our opinion, as of the Lease Date specified in the Equipment Schedule, that:

1. Purchaser is State or Commonwealth of California (the "State") or a political subdivision of the State, in each case within the meaning of Section 103(c) of the Internal Revenue Code of 1986, as amended, and is duly organized, existing and operating under the Constitution and laws of the State.
2. Purchaser is authorized and has the power under applicable law to enter into the Financing Documents, and to carry out its obligations thereunder and the transactions contemplated thereby.
3. The Financing Documents have been duly authorized, executed and delivered by and on behalf of Purchaser, and are legal, valid and binding obligations of Purchaser enforceable in accordance with their terms, except as enforcement thereof may be limited by bankruptcy, insolvency and other similar laws affecting the enforcement of creditors' rights generally and by general equitable principles.
4. The authorization and execution of the Financing Documents and all other proceedings of Purchaser relating to the transactions contemplated thereby have been performed in accordance with all applicable open meeting, public records, public bidding and all other laws, rules and regulations of the State. Purchaser has obtained all consents and approvals of other governmental agencies or authorities which may be required for the execution, delivery and performance by Purchaser of the Financing Documents.
5. The execution of the Financing Documents and the obligation to pay the Installment Payments coming due thereunder do not and will not result in the violation of any constitutional, statutory or other limitation relating to the manner, form or amount of indebtedness which may be incurred by Purchaser.
6. There is no litigation, action, suit or proceeding pending or before any court, administrative agency, arbitrator or governmental body that challenges the organization or existence of Purchaser, the authority of Purchaser or its officers or its employees to enter into the Financing Documents, the proper authorization and/or execution of the Financing Documents or the documents contemplated thereby, the obligation of Purchaser to make Installment Payments under the Contract, or the ability of Purchaser otherwise to perform its obligations under the Financing Documents and the transactions contemplated thereby. To the best of our knowledge, no such litigation, action, suit or proceeding is threatened.

This opinion may be relied upon by the addressee hereof and its successors and assignees of interests in the Contract, but only with regard to matters specifically set forth herein.

Very truly yours,
[Purchaser Counsel Firm Name]

By: _____
Name: _____
Title: _____

DRAFT

INSTRUCTION TO PAY PROCEEDS

[The undersigned, an Authorized Representative of the Purchaser hereby requests and authorizes Seller to disburse the all of the net proceeds of the Equipment Schedule on the Contract Date as follows:]

[Restricted Account Language: The undersigned, an Authorized Representative of the Purchaser hereby requests and authorizes Seller to disburse the following amount of the net proceeds of the Equipment Schedule from the Restricted Account therefore as follows:]

Name of Payee: _____

By check _____

By wire transfer _____

If by check, Payee's address: _____

If by wire transfer, instructions as follows:

Pay to Bank Name: _____

Bank Address: _____

Bank Phone #: _____

For Account of: _____

Account No.: _____

ABA No.: _____

[Restricted Account Language: If this is the last Disbursement from the Restricted Account check the box: ____]

Attached are invoices for payment of the applicable equipment. Any reimbursement to the Purchaser, instead of payment to the vendor directly, shall require evidence of payment of such invoice by Purchaser.

Tahoe Forest Hospital District

By: _____
Harry Weis
Chief Executive Officer

Dated: _____

**Exhibit 6 to Equipment Schedule No. 01
Master Installment Purchase Agreement dated October 1, 2018**

TO: [Insurance Agent Information]

Gentlemen:

Tahoe Forest Hospital District has entered into a Master Installment Purchase Agreement dated as of October 1, 2018 with **OPUS BANK**. In accordance with the Agreement, Purchaser is instructing the insurance agent named above to issue:

- a. All Risk Physical Damage Insurance on the Equipment evidenced by a **Certificate of Insurance and Long Form Loss Payable Clause naming OPUS BANK and/or its assigns as Loss Payee.**

The Coverage Required is **\$8,000,000.**

- b. Public Liability Insurance evidenced by a **Certificate of Insurance naming OPUS BANK and/or its assigns as Additional Insured.**

The following minimum coverage is required:

Liability:	\$ 500,000.00 per person
Liability - Bodily Injury:	\$1,000,000.00 aggregate
Liability - Property Damage:	\$1,000,000.00 property damage liability

PROPERTY: See below

LOCATION: See below

Upon issuance of the coverage outlined above, please mail a certificate of insurance to OPUS BANK, 131 West Commonwealth Avenue, Fullerton, CA 92832.

Your courtesy in issuing and forwarding the requested certificate at your earliest convenience will be appreciated.

Very truly yours,

Tahoe Forest Hospital District,

By: _____
Harry Weis
Chief Executive Officer

Date: _____

PROPERTY:

Dept	Description	Qty	Total Cost
TAHOE FOREST HOSPITAL			
	House-wide		

	Telemetry Monitors	X	\$ 1,200,000
	Infusion Pumps	X	\$ 950,000
	Holter Monitors	X	\$ 120,000
6010	Intensive Care Unit		
	Critical Care Bed	1	\$ 20,000
6170	Med Surg		
	Vein Finder	1	\$ 7,000
6380_6530	OB		
	Slim line Workstation on Wheels	2	\$ 6,000
6580	SNF		
	Laptops	2	\$ 4,400
7010	Emergency Dept		
	Gurney	2	\$ 6,000
7075	Women's Center		
	Ultrasound Machine	1	\$ 5,000
	Non-Stress Test Machine	1	\$ 6,000
7077	Pediatrics		
	Timus Vision Machine	1	\$ 2,891
7079	IM Cardiology		
	EKG Machine	1	\$ 15,000
	Treadmill (Quinton)	1	\$ 13,000
	Freezer	1	\$ 1,500
7086	Urology		
	Bladder Scanner	1	\$ 3,600
7420	Surgical Services		
	Tissue Freezer	1	\$ 9,417
	Fluent fluid management system	1	\$ 30,000
	MyoSure Hysteroscopy Set	2	\$ 16,630
	Medtronic ENT Navigation system	1	\$ 90,000
	Stryker System 7 Orthopedic Power Instruments	1	\$ 98,500
	Rhinoplasty tray	1	\$ 20,000
	Facelift tray	1	\$ 20,000
	Colonoscopes		\$ 78,000
	Urology Equipment		\$ 200,000
	Censis Track Instrument, Scope and Tissue Tracking		\$ 90,000
	Slim line Workstation on Wheels	3	\$ 15,000
	Ipads	6	\$ 4,200
7427	Ambulatory Surgery		
	Portable vital signs monitors	2	\$ 14,000
7450	Anesthesia		

	Terason Ultrasound Machine Curvilinear Probe	1	\$ 7,000
	MRI Compatiable Anesthesia Machine	1	\$ 60,000
7500	Lab		
	Blood Typing & Screening Instrument	1	\$ 93,000
	Bacterial Culture CO2 Incubator	1	\$ 7,000
	Blood Gases Instrument	1	\$ 9,000
	Molecular Testing Platform	1	\$ 120,000
	Osmometer	1	\$ 13,500
	Reagent Refrigerators	1	\$ 5,466
	EKG Machine	1	\$ 14,000
7630	Diagnostic Imaging		
	C-arm for Orthopedic Surgeon Mobile fluoroscopy in OR	1	\$ 75,000
	Radiographic X-Ray Unit Digital	1	\$ 250,000
	Xcellera Upgrade Hardware/Software		\$ 110,000
	Radiologist Workstation for their Home		\$ 11,585
	System Administrator workstation		\$ 2,500
	VRAD Integration Software		\$ 10,000
	Nuance Upgrade Software		\$ 7,500
	Ortho Software and data move		\$ 18,000
7660	MRI		
	MRI VITAL Signs Monitor	1	\$ 71,500
7672	Briner Ultrasound		
	Cart for ABI System (rubbermade)	1	\$ 4,500
7720	Respiratory Therapy		
	BiPAP Core Packate	1	\$ 6,120
	Cancer Center		
	Infusion Chairs	8	\$ 8,000
	Monitors (vital Signs)	4	\$ 14,000
	Replacement chair	2	\$ 5,000
	Upgrade AV and Telemedicine equipment Hardware		\$ 50,000
	Multifunction Printer		\$ 13,000
	Dietary		
	Plate and Base Warmer	2	\$ 11,000
	Alto-Sham	1	\$ 8,896
	Fryer	1	\$ 14,323
18480	IT		
	Singlewire Software		\$ 25,000
	Cell Booster Hardware		\$ 50,000
	Phone Servers Hardware		\$ 35,322
	Network Hardware - HPE Infrastructure		\$ 1,800,000

	Imprivata Single Sign-on Software		\$ 220,000
	MediWare Software Upgrade		\$ 30,000
	Life Med ID Patient Verification Hardware/Software		\$ 60,000
	EPIC EMR - Palliative Care Software		\$ 8,000
	EPIC EMR - Beacon Software		\$ 500,000
	EPIC EMR - Professional Billing Software		\$ 1,000,000
	Varian Software Upgrade		\$ 18,000
	Nutanix Node Hardware		\$ 60,000
	IT Infrastructure Hardware		\$ 50,000
18740	Quality		
	Laptop		\$ 2,200
18560	Patient Access		
	Small foot print Workstation on Wheels		\$ 10,000
	Large Multifunction Printer		\$ 18,000
	Wellness		
	Video monitors, repeaters and hardware		\$ 6,500
	Laptop		\$ 2,200
	SUBTOTAL TFH		\$ 7,961,250
INCLINE VILLAGE COMMUNITY HOSPITAL			
7420	Surgery		
	Olympus Multidebrider Handpiece (Diego)	2	\$ 24,745
	Ambu Airway videoscope and monitor	1	\$ 5,000
	Knee Scorpion	1	\$ 3,200
7630	Incline DI		
	Ultrasound		\$ 150,000
7084	Lakeview		
	Medication Refrigerator	1	\$ 6,000
28560	Patient Access		
	Large Multifunction Printer		\$ 18,000
	SUBTOTAL IVCH		\$ 206,945
TAHOE FOREST HOSPITAL DISTRICT GRAND TOTALS			\$ 8,168,195

LOCATION

The equipment listed under the sub heading, above, of Incline Village Community Hospital will be located at the following address:

Incline Village Community Hospital
880 Alder Avenue
Incline Village, NV 89451

Some of the IT equipment listed under the sub heading Tahoe Forest Hospital will located at the following address:

Tahoe Forest Hospital Business Services
10875 Pioneer Trail Rd
Truckee, CA 96161

All remaining equipment listed under the sub heading Tahoe Forest Hospital will be located at the following address:

Tahoe Forest Hospital
10121 Pine Avenue
Truckee, CA 96161

DRAFT

**Exhibit 6 to Equipment Schedule No. 01
Master Installment Purchase Agreement dated October 1, 2018**

OPUS BANK
131 West Commonwealth Avenue
Fullerton, CA 92832

Ladies and Gentlemen:

The undersigned is the risk manager or insurance consultant for Tahoe Forest Hospital District (the "Purchaser"), and in such connection the undersigned is familiar with Purchaser's insurance and self-insurance arrangements. In connection with Equipment Schedule No. 01 (the "Equipment Schedule") to the Master Installment Purchase Agreement dated as of October 1, 2018 (the "Master Agreement"), between Purchaser and Opus Bank. (the "Seller"), the undersigned makes the following certifications to Seller. Capitalized terms used but not defined herein have the meanings given in the Master Agreement.

1. Purchaser is self-insured for damage or destruction to the Equipment described in the Equipment Schedule (the "Equipment"). The dollar amount limit for property damage to the Equipment under such self-insurance program is \$_____. [Purchaser maintains an umbrella insurance policy for claims in excess of Purchaser's self-insurance limits for property damage to the Equipment which policy has a dollar limit for property damage to the Equipment under such policy of \$_____.]

2. Purchaser is self-insured for liability for injury or death of any person or damage or loss of property arising out of or relating to the condition or operation of the Equipment. The dollar limit for such liability claims under the Purchaser's self-insurance program is \$_____. [Purchaser maintains an umbrella insurance policy for claims in excess of Purchaser's self-insurance limits for liability which policy has a dollar limit for liabilities for injury and death to persons as well as damage or loss of property arising out of or relating to the condition or operation of the Equipment in the amount of \$_____.]

[3]. Purchaser maintains a self-insurance fund. Monies in the self-insurance fund [are/are not] subject to annual appropriation. The total amount maintained in the self-insurance fund to cover Purchaser's self-insurance liabilities is \$_____. [Amounts paid from Purchaser's self-insurance fund are subject to a dollar per claim of \$_____.]

[3]. The Purchaser does not maintain a self-insurance fund. The Purchaser obtains funds to pay claims for which it has self-insured from the following sources: _____. Amounts payable for claims from such sources are limited as follows: _____

Dated: _____

Very truly yours,

By: _____

Name: _____

Title: _____

**Exhibit 7 to Equipment Schedule No. 01
Master Installment Purchase Agreement dated as of October 1, 2018**

[FORM 8038-G OR 8038-GC]

DRAFT

[PAGE TO BE REPLACED BY UCC FINANCING STATEMENT]

DRAFT

SCHEDULE A TO FINANCING STATEMENT OF

**Tahoe Forest Hospital District, AS DEBTOR, AND
OPUS BANK, AS SECURED PARTY**

Continuation of Collateral Description

The financing statement to which this Schedule A is attached covers the types of property described on the face of such financing statement and all of the Debtor's right, title and interest in and to (collectively, the "Collateral"):

(a) the equipment described in Equipment Schedule No. 01 (the "Equipment Schedule") to the Master Installment Purchase Agreement dated as of October 1, 2018 (the "Agreement," and together with the Equipment Schedule, the "Contract") between Debtor, as Purchaser, and Secured Party, as Seller, as such Contract may be amended, modified or supplemented from time to time;

(b) to the extent not included in the foregoing, all books, ledgers and records and all computer programs, tapes, discs, punch cards, data processing software, transaction files, master files and related property and rights (including computer and peripheral equipment) necessary or helpful in enforcing, identifying or establishing any item of Collateral; and

(c) to the extent not included in the foregoing, all repairs, replacements, substitutions, restorations, accessions, improvements and modifications and all proceeds and products of any or all of the foregoing, whether existing on the date hereof or arising hereafter, including insurance proceeds.

**TAHOE FOREST HOSPITAL DISTRICT
AUGUST 2018 FINANCIAL REPORT
INDEX**

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8	IVCH STATEMENT OF REVENUE AND EXPENSE
9	STATEMENT OF CASH FLOW

Board of Directors
Of Tahoe Forest Hospital District
AUGUST 2018 FINANCIAL NARRATIVE

The following is the financial narrative analyzing financial and statistical trends for the two months ended August 31, 2018.

Activity Statistics

- ❑ TFH acute patient days were 514 for the current month compared to budget of 428. This equates to an average daily census of 16.60 compared to budget of 13.80.
- ❑ TFH Outpatient volumes were above budget in the following departments by at least 5%: Surgical cases, Endoscopy procedures, Mammography, Nuclear Medicine, MRI, Cat Scan, PET CT, Drugs Sold to Patients, Hospice visits, Emergency Department visits, Physical Therapy, Occupational Therapy, Laboratory tests, and Cardiac Rehabilitation.

Financial Indicators

- ❑ Net Patient Revenue as a percentage of Gross Patient Revenue was 51.3% in the current month compared to budget of 53.4% and to last month's 51.1%. Current year's Net Patient Revenue as a percentage of Gross Patient Revenue is 51.2%, compared to budget of 53.5% and prior year's 55.2%.
- ❑ EBIDA was \$4,026,166 (12.8%) for the current month compared to budget of \$1,946,035 (6.9%), or \$2,080,131 (5.9%) above budget. Year-to-date EBIDA was \$5,194,372 (8.9%) compared to budget of \$2,879,670 (5.3%), or \$2,314,702 (3.7%) above budget.
- ❑ Cash Collections for the current month were \$12,611,658 which is 90% of targeted Net Patient Revenue. We had an issue with the post office that caused them to return mail to our payors since mid-August. This has been resolved and payors will be reissuing payment. We expect those payments to be received the last week of September/first week of October.
- ❑ EPIC Gross Accounts Receivables were \$68,240,466 at the end of August compared to \$60,852,249 at the end of July. Legacy Gross Accounts Receivable was \$2,342,027 at the end of August compared to \$2,860,751 at the end of July, a reduction of \$518,724.

Balance Sheet

- ❑ Working Capital Days Cash on Hand is 6.2 days. S&P Days Cash on Hand is 150.4. Working Capital cash decreased \$5,330,000. Accounts Payable decreased \$2,632,000, Accrued Payroll & Related Costs increased \$661,000, and cash collections fell short of target by 10%.
- ❑ Net Patients Accounts Receivable increased approximately \$3,030,000 and Cash collections were at 90% of target. EPIC Days in A/R at the close of August were 79.0.
- ❑ Estimated Settlements, Medi-Cal and Medicare increased \$1,118,000 after booking estimated amounts in August for the FY19 Hospital Quality Assurance Fee, California Health & Wellness and Anthem Rate Range IGT, and the SNF Supplemental Reimbursement programs and the District remitted monies due back to the State for an overpayment on the FY14-15 AB915 that was booked back to FY18.
- ❑ GO Bond Tax Revenue Fund increased \$138,000 after receiving the final FY18 property tax revenues from Placer County.
- ❑ Accounts Payable decreased \$2,632,000 due to the timing of the final check run in August.
- ❑ Accrued Payroll & Related Costs increased a net \$661,000 due to three additional accrued payroll days over July.

Operating Revenue

- ❑ Current month’s Total Gross Revenue was \$31,473,057, compared to budget of \$28,154,060 or \$3,318,997 above budget.
- ❑ Current month’s Gross Inpatient Revenue was \$7,954,911, compared to budget of \$7,362,670 or \$592,241 above budget.
- ❑ Current month’s Gross Outpatient Revenue was \$23,518,146 compared to budget of \$20,791,390 or \$2,726,756 above budget.
- ❑ Current month’s Gross Revenue Mix was 41.0% Medicare, 14.6% Medi-Cal, .0% County, 3.5% Other, and 40.9% Insurance compared to budget of 36.9% Medicare, 17.2% Medi-Cal, .0% County, 3.6% Other, and 42.3% Insurance. Last month’s mix was 39.7% Medicare, 17.6% Medi-Cal, .0% County, 2.4% Other, and 40.3% Insurance. Year-to-date Gross Revenue Mix was 40.4% Medicare, 16.0% Medi-Cal, .0% County, 3.0% Other, and 40.6% Insurance.
- ❑ Current month’s Deductions from Revenue were \$15,321,426 compared to budget of \$13,106,605 or \$2,214,821 above budget. Variance is attributed to the following reasons: 1) Payor mix varied from budget with a 4.07% increase in Medicare, a 2.53% decrease to Medi-Cal, County at budget, a .14% decrease in Other, and Commercial was below budget 1.39%, and 2) Revenues exceeded budget by 11.8%.

DESCRIPTION	August 2018 Actual	August 2018 Budget	Variance	BRIEF COMMENTS
Salaries & Wages	4,785,665	5,280,112	494,447	We saw positive variances in Technical, RN and Clerical wages against budget.
Employee Benefits	1,461,600	1,500,607	39,007	
Benefits – Workers Compensation	59,329	55,821	(3,508)	
Benefits – Medical Insurance	755,429	598,402	(157,027)	We saw greater usage of our self-insured health insurance in August, causing a negative variance in Benefits-Medical Insurance.
Professional Fees	2,320,702	2,161,332	(159,370)	We saw negative variances in Emergency Department Call coverage, Hospitalist fees, Therapist fees, and legal fees provided to TIRHR.
Supplies	1,884,789	2,291,042	406,253	Positive variance in Supplies primarily related to Oncology Drugs Sold To Patients pharmacy costs. Revenues fell short of budget by 22.2%.
Purchased Services	1,131,881	1,458,814	326,933	Repairs & Maintenance, Collection Agency fees, and District wide purchased services fell short of budget, creating a positive variance in Purchased Services.
Other Expenses	630,049	631,945	1,896	Controllable costs continue to be monitored closely by Senior Leadership, aiding in a positive variance in Other Expenses.
Total Expenses	13,029,444	13,978,075	948,631	

TAHOE FOREST HOSPITAL DISTRICT
STATEMENT OF NET POSITION
AUGUST 2018 - PRE-AUDIT

ASSETS	PRE-AUDIT Aug-18	PRE-AUDIT Jul-18	Aug-17	
CURRENT ASSETS				
* CASH	\$ 2,675,287	\$ 8,004,865	\$ 9,905,994	1
PATIENT ACCOUNTS RECEIVABLE - NET	28,695,735	25,665,622	18,625,963	2
OTHER RECEIVABLES	6,184,231	5,607,012	5,066,186	
GO BOND RECEIVABLES	374,886	138,437	808,025	
ASSETS LIMITED OR RESTRICTED	6,853,249	6,987,359	6,482,211	
INVENTORIES	3,123,845	3,130,060	3,018,381	
PREPAID EXPENSES & DEPOSITS	2,830,612	2,225,266	2,047,057	
ESTIMATED SETTLEMENTS, M-CAL & M-CARE	7,327,067	6,209,175	11,373,304	3
TOTAL CURRENT ASSETS	58,064,911	57,967,796	57,327,122	
NON CURRENT ASSETS				
ASSETS LIMITED OR RESTRICTED:				
* CASH RESERVE FUND	62,129,099	62,129,099	61,374,995	1
BANC OF AMERICA MUNICIPAL LEASE	-	-	27,174	
TOTAL BOND TRUSTEE 2017	19,973	19,948	19,769	
TOTAL BOND TRUSTEE 2015	414,930	277,832	272,301	
GO BOND PROJECT FUND	-	-	1	
GO BOND TAX REVENUE FUND	799,532	661,095	1,390,074	4
DIAGNOSTIC IMAGING FUND	3,229	3,229	3,186	
DONOR RESTRICTED FUND	1,127,440	1,127,439	1,150,299	
WORKERS COMPENSATION FUND	11,137	11,698	15,748	
TOTAL	64,505,339	64,230,341	64,253,546	
LESS CURRENT PORTION	(6,853,249)	(6,987,359)	(6,482,211)	
TOTAL ASSETS LIMITED OR RESTRICTED - NET	57,652,091	57,242,981	57,771,335	
NONCURRENT ASSETS AND INVESTMENTS:				
INVESTMENT IN TSC, LLC	-	-	(301,864)	
PROPERTY HELD FOR FUTURE EXPANSION	873,491	859,389	836,353	
PROPERTY & EQUIPMENT NET	165,548,680	164,374,139	130,221,923	
GO BOND CIP, PROPERTY & EQUIPMENT NET	1,822,165	1,817,138	33,701,397	
TOTAL ASSETS	283,961,338	282,261,442	279,556,267	
DEFERRED OUTFLOW OF RESOURCES:				
DEFERRED LOSS ON DEFEASANCE	458,997	462,230	497,786	
ACCUMULATED DECREASE IN FAIR VALUE OF HEDGING DERIVATIVE	1,063,457	1,063,457	1,548,299	
DEFERRED OUTFLOW OF RESOURCES ON REFUNDING	5,935,678	5,959,383	6,220,134	
GO BOND DEFERRED FINANCING COSTS	464,218	466,153	487,433	
DEFERRED FINANCING COSTS	185,169	186,210	197,653	
TOTAL DEFERRED OUTFLOW OF RESOURCES	\$ 8,107,519	\$ 8,137,431	\$ 8,951,304	
LIABILITIES				
CURRENT LIABILITIES				
ACCOUNTS PAYABLE	\$ 5,159,382	\$ 7,791,634	\$ 5,176,665	5
ACCRUED PAYROLL & RELATED COSTS	11,112,509	10,451,037	10,408,825	6
INTEREST PAYABLE	224,240	124,178	201,903	
INTEREST PAYABLE GO BOND	317,842	-	308,596	
ESTIMATED SETTLEMENTS, M-CAL & M-CARE	262,512	605,809	93,809	
HEALTH INSURANCE PLAN	1,312,436	1,312,436	1,211,751	
WORKERS COMPENSATION PLAN	1,886,559	1,886,361	1,703,225	
COMPREHENSIVE LIABILITY INSURANCE PLAN	1,184,419	1,184,419	858,290	
CURRENT MATURITIES OF GO BOND DEBT	1,330,000	1,330,000	860,000	
CURRENT MATURITIES OF OTHER LONG TERM DEBT	1,454,876	1,454,876	329,167	
TOTAL CURRENT LIABILITIES	24,244,775	26,140,751	21,152,230	
NONCURRENT LIABILITIES				
OTHER LONG TERM DEBT NET OF CURRENT MATURITIES	25,517,831	25,520,363	28,075,001	
GO BOND DEBT NET OF CURRENT MATURITIES	100,964,295	100,977,716	102,740,343	
DERIVATIVE INSTRUMENT LIABILITY	1,063,457	1,063,457	1,548,299	
TOTAL LIABILITIES	151,790,358	153,702,287	153,515,873	
NET ASSETS				
NET INVESTMENT IN CAPITAL ASSETS	139,151,061	135,569,147	133,841,399	
RESTRICTED	1,127,440	1,127,439	1,150,299	
TOTAL NET POSITION	\$ 140,278,500	\$ 136,696,587	\$ 134,991,698	

* Amounts included for Days Cash on Hand calculation

TAHOE FOREST HOSPITAL DISTRICT
NOTES TO STATEMENT OF NET POSITION
AUGUST 2018 PRE-AUDIT

1. Working Capital is at 6.2 days (policy is 30 days). Days Cash on Hand (S&P calculation) is 150.4 days. Working Capital cash decreased a net \$5,330,000. Accounts Payable decreased \$2,632,000 (See Note 5), Accrued Payroll & Related Costs increased \$661,000 (See Note 6), and Cash Collections fell short of target by 10%.
2. Net Patient Accounts Receivable increased approximately \$3,030,000 and Cash collections were 90% of target. EPIC Days in A/R were 79.00 compared to 77.80 at the close of July, a 1.20 days increase. We had an issue with the post office that caused them to return mail to our payors since mid-August. This has been resolved and payors will be reissuing payment. We expect those payments to be received the last week of September/first week of October.
3. Estimated Settlements, Medi-Cal and Medicare increased \$1,118,000 after booking 1/12th of the FY19 estimated receivable from the Hospital Quality Assurance Fee program, the California Health & Wellness and Anthem Rate Range IGT program, the July estimated receivable from the SNF Supplemental Reimbursement program, and remitting money due back to the State for an overpayment received on the FY15 AB915 monies received in June 2018.
4. GO Bond Tax Revenue Fund increased \$138,000 after receiving the final FY18 property tax revenues from Placer County.
5. Accounts Payable decreased \$2,632,000 due to the timing of the final check run in the month.
6. Accrued Payroll & Related Costs increased a net \$661,000 due to three additional accrued payroll days over July.

**Tahoe Forest Hospital District
Cash Investment
August 2018**

WORKING CAPITAL			
US Bank	\$ 1,339,076		
US Bank/Kings Beach Thrift Store	71,962		
US Bank/Truckee Thrift Store	254,174		
US Bank/Payroll Clearing	4,328		
Umpqua Bank	<u>1,005,747</u>	0.40%	
Total			\$ 2,675,287
 BOARD DESIGNATED FUNDS			
US Bank Savings	\$ -	0.03%	
Capital Equipment Fund	<u>-</u>		
Total			\$ -
Building Fund	\$ -		
Cash Reserve Fund	<u>62,129,099</u>	1.99%	
Local Agency Investment Fund			\$ 62,129,099
Banc of America Muni Lease			\$ -
Bonds Cash 2017			\$ 19,973
Bonds Cash 2015			\$ 414,930
GO Bonds Cash 2008			\$ 799,532
DX Imaging Education	\$ 3,229		
Workers Comp Fund - B of A	11,137		
Insurance			
Health Insurance LAIF	-		
Comprehensive Liability Insurance LAIF	<u>-</u>		
Total			<u>\$ 14,366</u>
TOTAL FUNDS			\$ 66,053,187
 RESTRICTED FUNDS			
Gift Fund			
US Bank Money Market	\$ 8,364	0.03%	
Foundation Restricted Donations	37,641		
Local Agency Investment Fund	<u>1,081,434</u>	1.99%	
TOTAL RESTRICTED FUNDS			<u>\$ 1,127,440</u>
TOTAL ALL FUNDS			<u><u>\$ 67,180,627</u></u>

TAHOE FOREST HOSPITAL DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
AUGUST 2018

CURRENT MONTH				YEAR TO DATE				PRIOR YTD AUG 2017
ACTUAL	BUDGET	VAR\$	VAR%	ACTUAL	BUDGET	VAR\$	VAR%	
OPERATING REVENUE								
\$ 31,473,057	\$ 28,154,060	\$ 3,318,997	11.8%	\$ 58,368,909	\$ 54,247,461	\$ 4,121,448	7.6%	1 \$ 47,281,555
Total Gross Revenue								
Gross Revenues - Inpatient								
\$ 3,148,613	\$ 2,210,231	\$ 938,382	42.5%	\$ 5,807,134	\$ 4,466,101	\$ 1,341,033	30.0%	\$ 4,009,284
4,806,298	5,152,439	(346,141)	-6.7%	9,230,839	9,481,308	(250,469)	-2.6%	8,064,557
7,954,911	7,362,670	592,241	8.0%	15,037,972	13,947,409	1,090,563	7.8%	12,073,841
Total Gross Revenue - Inpatient								
23,518,146	20,791,390	2,726,756	13.1%	43,330,937	40,300,052	3,030,885	7.5%	35,207,714
23,518,146	20,791,390	2,726,756	13.1%	43,330,937	40,300,052	3,030,885	7.5%	35,207,714
Total Gross Revenue - Outpatient								
Deductions from Revenue:								
14,147,313	11,902,208	(2,245,105)	-18.9%	26,879,495	22,816,932	(4,062,563)	-17.8%	2 19,446,512
966,629	878,762	(87,867)	-10.0%	1,927,615	1,727,705	(199,910)	-11.6%	2 1,556,035
-	-	-	0.0%	-	-	-	0.0%	2 62,545
193,050	325,635	132,585	40.7%	(248,191)	670,859	919,050	137.0%	2 136,496
14,434	-	(14,434)	0.0%	(95,577)	-	95,577	0.0%	2 (12,706)
15,321,426	13,106,605	(2,214,821)	-16.9%	28,463,342	25,215,496	(3,247,846)	-12.9%	21,188,883
Total Deductions from Revenue								
93,331	88,193	(5,139)	-5.8%	140,334	176,383	(36,049)	-20.4%	131,339
810,649	788,463	22,186	2.8%	1,649,758	1,539,195	110,563	7.2%	3 1,128,022
Property Tax Revenue- Wellness Neighborhood								
Other Operating Revenue								
17,055,611	15,924,111	1,131,500	7.1%	31,695,659	30,747,543	948,116	3.1%	27,352,033
TOTAL OPERATING REVENUE								
OPERATING EXPENSES								
4,785,665	5,280,112	494,447	9.4%	9,625,284	10,683,144	1,057,860	9.9%	4 8,642,669
1,461,600	1,500,607	39,007	2.6%	3,156,010	3,022,790	(133,220)	-4.4%	4 2,760,520
59,329	55,821	(3,508)	-6.3%	107,280	111,641	4,361	3.9%	4 108,828
755,429	598,402	(157,027)	-26.2%	1,601,011	1,196,803	(404,208)	-33.8%	4 1,683,999
2,320,702	2,161,332	(159,370)	-7.4%	4,273,392	4,285,660	12,268	0.3%	5 3,423,348
1,884,789	2,291,042	406,253	17.7%	4,131,371	4,448,362	316,991	7.1%	6 3,623,215
1,131,573	1,458,814	327,241	22.4%	2,327,360	2,826,469	499,109	17.7%	7 2,300,993
630,357	631,945	1,588	0.3%	1,279,578	1,293,004	13,426	1.0%	8 1,149,652
13,029,444	13,978,075	948,631	6.8%	26,501,288	27,867,873	1,366,585	4.9%	23,693,224
TOTAL OPERATING EXPENSE								
4,026,166	1,946,035	2,080,131	106.9%	5,194,372	2,879,670	2,314,702	80.4%	3,658,809
NET OPERATING REVENUE (EXPENSE) EBIDA								
NON-OPERATING REVENUE/(EXPENSE)								
549,627	554,765	(5,138)	-0.9%	1,145,583	1,109,533	36,050	3.2%	9 881,661
374,886	374,886	(0)	0.0%	749,772	749,772	(1)	0.0%	808,025
124,687	129,925	(5,238)	-4.0%	242,549	259,568	(17,019)	-6.6%	10 143,729
-	-	-	0.0%	-	-	-	0.0%	-
-	86,961	(86,961)	-100.0%	-	173,922	(173,922)	-100.0%	11 -
-	-	-	0.0%	-	-	-	0.0%	12 -
-	-	-	0.0%	-	-	-	0.0%	12 -
-	-	-	0.0%	-	-	-	0.0%	13 -
-	-	-	0.0%	-	-	-	0.0%	14 -
(1,059,977)	(1,059,977)	0	0.0%	(2,119,954)	(2,119,954)	0	0.0%	15 (1,934,713)
(103,415)	(87,091)	(16,324)	-18.7%	(206,791)	(174,182)	(32,609)	-18.7%	16 (187,956)
(330,061)	(312,044)	(18,017)	-5.8%	(650,686)	(626,118)	(24,568)	-3.9%	(643,716)
(444,253)	(312,575)	(131,678)	-42.1%	(839,527)	(627,459)	(212,069)	-33.8%	(932,970)
TOTAL NON-OPERATING REVENUE/(EXPENSE)								
\$ 3,581,913	\$ 1,633,461	\$ 1,948,453	119.3%	\$ 4,354,844	\$ 2,252,211	\$ 2,102,633	93.4%	\$ 2,725,840
INCREASE (DECREASE) IN NET POSITION								
NET POSITION - BEGINNING OF YEAR				135,923,656				
NET POSITION - AS OF AUGUST 31, 2018				\$ 140,278,500				
12.8%	6.9%	5.9%		8.9%	5.3%	3.7%		7.7%
RETURN ON GROSS REVENUE EBIDA								

INCLINE VILLAGE COMMUNITY HOSPITAL
STATEMENT OF REVENUE AND EXPENSE
AUGUST 2018

CURRENT MONTH				YEAR TO DATE				PRIOR YTD AUG 2017	
ACTUAL	BUDGET	VAR\$	VAR%	ACTUAL	BUDGET	VAR\$	VAR%		
				OPERATING REVENUE					
\$ 2,409,821	\$ 2,015,633	\$ 394,188	19.6%	Total Gross Revenue	\$ 4,448,652	\$ 4,351,862	\$ 96,790	2.2% 1	\$ 3,794,686
				Gross Revenues - Inpatient					
\$ -	\$ 4,223	\$ (4,223)	-100.0%	Daily Hospital Service	\$ 14,601	\$ 21,769	\$ (7,168)	-32.9%	\$ 3,146
-	1,955	(1,955)	-100.0%	Ancillary Service - Inpatient	15,124	25,738	(10,614)	-41.2%	5,628
-	6,178	(6,178)	-100.0%	Total Gross Revenue - Inpatient	29,725	47,507	(17,782)	-37.4%	8,774
2,409,821	2,009,455	400,366	19.9%	Gross Revenue - Outpatient	4,418,927	4,304,355	114,572	2.7%	3,785,912
2,409,821	2,009,455	400,366	19.9%	Total Gross Revenue - Outpatient	4,418,927	4,304,355	114,572	2.7%	3,785,912
				Deductions from Revenue:					
897,132	815,572	(81,560)	-10.0%	Contractual Allowances	1,532,792	1,742,967	210,175	12.1%	1,367,536
91,814	68,471	(23,343)	-34.1%	Charity Care	169,493	180,942	11,449	6.3%	125,840
-	-	-	0.0%	Charity Care - Catastrophic Events	-	-	-	0.0%	18,333
(13,387)	64,251	77,638	120.8%	Bad Debt	(5,410)	171,903	177,313	103.1%	53,218
-	-	-	0.0%	Prior Period Settlements	-	-	-	0.0%	-
975,559	948,294	(27,265)	-2.9%	Total Deductions from Revenue	1,696,875	2,095,812	398,937	19.0%	1,564,926
118,911	103,236	15,675	15.2%	Other Operating Revenue	221,794	166,209	55,585	33.4%	193,424
1,553,173	1,170,575	382,598	32.7%	TOTAL OPERATING REVENUE	2,973,571	2,422,259	551,312	22.8%	2,423,183
				OPERATING EXPENSES					
310,920	318,963	8,043	2.5%	Salaries and Wages	648,832	756,014	107,182	14.2%	606,241
102,834	95,816	(7,018)	-7.3%	Benefits	213,796	204,367	(9,429)	-4.6%	203,171
3,052	4,912	1,860	37.9%	Benefits Workers Compensation	6,780	9,825	3,045	31.0%	4,713
45,525	35,246	(10,279)	-29.2%	Benefits Medical Insurance	95,338	70,493	(24,845)	-35.2%	105,293
251,394	286,723	35,329	12.3%	Professional Fees	503,494	561,076	57,582	10.3%	407,236
36,675	76,896	40,221	52.3%	Supplies	76,608	160,096	83,488	52.1%	113,386
41,006	44,828	3,822	8.5%	Purchased Services	81,969	89,555	7,586	8.5%	85,506
63,937	67,778	3,841	5.7%	Other	145,189	137,947	(7,242)	-5.2%	118,629
855,343	931,162	75,819	8.1%	TOTAL OPERATING EXPENSE	1,772,005	1,989,373	217,368	10.9%	1,644,174
697,830	239,413	458,417	191.5%	NET OPERATING REV(EXP) EBIDA	1,201,565	432,886	768,679	177.6%	779,009
				NON-OPERATING REVENUE/(EXPENSE)					
-	36,961	(36,961)	-100.0%	Donations-IVCH	-	73,922	(73,922)	-100.0%	-
-	-	-	0.0%	Gain/ (Loss) on Sale	-	-	-	0.0%	10
(59,302)	(59,302)	(0)	0.0%	Depreciation	(118,604)	(118,604)	(0)	0.0%	11
(59,302)	(22,341)	(36,961)	-165.4%	TOTAL NON-OPERATING REVENUE/(EXP)	(118,604)	(44,682)	(73,922)	-165.4%	(128,553)
\$ 638,528	\$ 217,072	\$ 421,456	194.2%	EXCESS REVENUE(EXPENSE)	\$ 1,082,961	\$ 388,204	\$ 694,757	179.0%	\$ 650,456
29.0%	11.9%	17.1%		RETURN ON GROSS REVENUE EBIDA	27.0%	9.9%	17.1%		20.5%

TAHOE FOREST HOSPITAL DISTRICT
STATEMENT OF CASH FLOWS

	PRE-AUDIT FYE 2018		BUDGET FYE 2019	PROJECTED FYE 2019	ACTUAL AUG 2018	BUDGET AUG 2018	DIFFERENCE	PROJECTED 1ST QTR	PROJECTED 2ND QTR	BUDGET 3RD QTR	BUDGET 4TH QTR
Net Operating Rev/(Exp) - EBIDA	\$ 10,813,239		\$ 8,876,838	\$ 11,260,808	\$ 4,026,166	\$ 1,946,035	\$ 2,080,131	\$ 6,145,326	\$ 1,058,382	\$ 1,911,636	\$ 2,145,464
Interest Income	667,478		1,232,724	1,219,283	-	-	-	231,207	331,763	331,763	324,550
Property Tax Revenue	6,938,847		6,965,000	6,992,497	309,827	285,000	24,827	442,497	90,000	3,660,000	2,800,000
Donations	1,449,325		800,000	780,000	-	10,000	(10,000)	10,000	95,000	250,000	425,000
Debt Service Payments	(2,078,463)		(3,058,371)	(3,058,288)	(138,057)	(138,057)	0	(1,012,133)	(560,614)	(414,171)	(1,071,370)
Bank of America - 2012 Muni Lease	(103,515)		-	-	-	-	-	-	-	-	-
Copier	(11,482)		(11,520)	(11,437)	(959)	(960)	1	(2,797)	(2,880)	(2,880)	(2,880)
2017 VR Demand Bond	(319,664)		(1,401,687)	(1,401,687)	-	-	-	(598,045)	(146,443)	-	(657,199)
2015 Revenue Bond	(1,643,802)		(1,645,164)	(1,645,165)	(137,097)	(137,097)	(0)	(411,292)	(411,291)	(411,291)	(411,291)
Physician Recruitment	(160,536)		(187,500)	(187,500)	-	(35,000)	35,000	(147,500)	-	(20,000)	(20,000)
Investment in Capital											
Equipment	(2,764,413)		(2,911,369)	(2,911,370)	(448,899)	(159,779)	(289,120)	(837,023)	(660,881)	(1,200,000)	(213,466)
Municipal Lease Reimbursement	219,363		-	-	-	-	-	-	-	-	-
IT/EMR/Business Systems	(4,184,396)		(3,986,507)	(3,986,507)	(1,440,403)	(780,954)	(659,449)	(1,861,907)	(589,600)	(1,025,000)	(510,000)
Building Projects/Properties	(4,890,940)		(15,438,772)	(15,438,772)	(377,597)	(1,002,277)	624,680	(2,414,743)	(7,445,973)	(4,295,774)	(1,282,282)
Capital Investments	-		(452,000)	(452,000)	-	-	-	(452,000)	-	-	-
Change in Accounts Receivable	(5,713,005)	N1	3,103,131	2,856,210	(3,030,114)	(523,102)	(2,507,012)	(1,527,684)	2,965,104	1,172,497	246,294
Change in Settlement Accounts	6,898,578	N2	1,609,698	634,470	(1,461,189)	(183,333)	(1,277,856)	34,772	(2,339,510)	2,911,430	27,778
Change in Other Assets	(5,090,026)	N3	(2,812,500)	(4,087,100)	(1,396,044)	(215,000)	(1,181,044)	(1,877,100)	(750,000)	(730,000)	(730,000)
Change in Other Liabilities	(3,713,799)	N4	375,000	42,759	(1,870,719)	(450,000)	(1,420,719)	217,759	(1,800,000)	1,525,000	100,000
Change in Cash Balance	(1,608,748)		(5,884,628)	(6,335,510)	(5,827,029)	(1,246,467)	(4,580,561)	(3,048,530)	(9,606,329)	4,077,381	2,241,968
Beginning Unrestricted Cash	72,911,743		71,302,995	71,302,995	70,631,414	70,631,414	-	71,302,995	68,254,465	58,648,136	62,725,517
Ending Unrestricted Cash	71,302,995		65,627,210	64,967,485	64,804,386	69,384,947	(4,580,561)	68,254,465	58,648,136	62,725,517	64,967,485
Expense Per Day	408,638		448,115	444,460	430,775	452,291	(21,516)	448,850	448,566	447,106	448,115
Days Cash On Hand	174		146	146	150	153	(3)	152	131	140	145

Footnotes:

N1 - Change in Accounts Receivable reflects the 60 day delay in collections.

N2 - Change in Settlement Accounts reflect cash flows in and out related to prior year and current year Medicare and Medi-Cal settlement accounts.

N3 - Change in Other Assets reflect fluctuations in asset accounts on the Balance Sheet that effect cash. For example, an increase in prepaid expense immediately effects cash but not EBIDA.

N4 - Change in Other Liabilities reflect fluctuations in liability accounts on the Balance Sheet that effect cash. For example, an increase in accounts payable effects EBIDA but not cash.



TAHOE FOREST HEALTH SYSTEM

Origination Date:	08/1985
Last Approved:	03/2017
Last Revised:	09/2016
Next Review:	07/2019
Department:	Board - ABD
Applies To:	System

Fiscal Policy, ABD-11

PURPOSE:

The purpose of this policy is to communicate the fiscal policy of the District as it relates to the operations of Tahoe Forest Hospital District and the various other services, programs and ventures which the District is or shall consider providing consistent with its Mission Statement and operating policies. It is the intention of the Board of Directors that this Fiscal Policy be disseminated to the hospital administrative and management team, as well as Medical Staff leadership, in order to achieve a broad based understanding of the fiscal goal of Tahoe Forest Hospital District. For the purposes of this policy statement, the term "services" shall apply to all hospital operations as well as other District services, programs or ventures.

POLICY:

A. RATIONALE

In view of the ever-changing reimbursement environment in which health care providers exist, the Board of Directors recognizes the importance of financial stability. A sound Fiscal Policy is necessary to assure the continuation of needed services, and as appropriate, expansion into new health-related facilities and services. To assure access to capital markets, it is in the best interest of the District to maintain strong financial performance and strong cash reserves. This philosophy is based upon, and consistent with, the Mission Statement and operating policies of the District.

B. POLICY STATEMENT

Our Fiscal Policy is to ensure the availability of capital to meet the future costs of carrying out the hospital's mission and serves as a prudent reserve to offset unexpected external forces. It will be the responsibility of the District's Chief Executive Officer (CEO) to implement policies and procedures consistent with the Fiscal Policy of the Board of Directors. The District shall put forth a strong effort in every fiscal year on achieving, at a minimum, the Standard and Poor's (S&P) A- rating, targeting the median ratios of the A- rating or better. At no time shall the District target financial performance that would drop the District below an investment grade rating.

PROCEDURE:

A. OPERATING MARGIN AND EXCESS (NET INCOME) MARGIN

The District, through approval by the Board of Director's, shall set an annual budget that seeks to target or maintain Operating and Excess Margins at the median S&P ratios of an A- rating or better. The CEO shall in turn endeavor, consistent with the CEO's authority under the annual budget and duly-adopted District policies, to direct District operations throughout the fiscal year so as to maintain Operating and Excess Margins at the median S&P ratios of an A- rating or better. Unusual circumstances may arise that

could require setting the annual budget at ratios lower than A-, however, at no time shall the annual budget target median ratios below an investment grade rating. The CEO shall direct management and staff to operate the District in a manner that achieves the goals of the annual budget.

B. FUND BALANCES AND TRANSFER PROCEDURES

The CEO shall, consistent with the CEO's authority under the annual budget, this Fiscal Policy, and duly-adopted District policies, authorize the movement of funds with the goal of achieving projected Days' Cash on Hand (the number of days of average expenses) at the median S&P ratios of an A- rating or better. There shall be a strong effort to maintain this minimum Days' Cash on Hand ratio to ensure appropriate cash reserves and to sustain sufficient funding for capital needs. Unusual circumstances may arise that could require setting the annual budget Days' Cash on Hand ratio lower than A-, however at no time shall the annual budget reflect a Days' Cash on Hand ratio below an investment grade rating. At least quarterly, a report of Day's Cash on Hand shall be presented to the Board of Directors.

C. MAINTENANCE AND OPERATING FUND

All receipts and revenues of any kind from the operation of the hospital shall be paid daily into the treasury of the District and placed in the Maintenance and Operations Fund. Monies in the maintenance and Operation Fund may be expended for any of the purposes of the District.

The CEO will direct the allocation of monies in excess of 30 days forecasted cash to Board designated funds or transfer sufficient monies from Board designated funds into Maintenance and Operations Fund so that a minimum of 30 days working capital is maintained for the upcoming quarter. Fund transfers into Maintenance and Operations Fund from other funds to cover the minimum 30 days working capital will be in the following priority:

1. Cash Reserve Fund
2. Projects Fund

D. BOARD DESIGNATED FUNDS

Available funds will be funded in the priority order as listed. Bond Funds are held by the Bond Trustee until the fund reimburses the District for project expenditures. The reimbursed bond project expenditures will be deposited in the Maintenance and Operations Fund. Debt service is included in the Maintenance and Operations Fund.

1. Other Entity Funds:
Funds held for other entities such as Medical Staff and Auxiliary. Interest income accrues to the specific fund.
2. Projects Fund:
Board of Directors approved and designated projects. Fund to include, among others Building Funds and Capital Equipment Funds. Interest income will accrue to the Maintenance and Operations Fund.

E. CASH RESERVE FUND

Board of Directors approved funding to increase and provide sufficient reserves to sustain operational integrity; continued services at current levels; emergency purposes (safety net); credit worthiness; anticipated capital replacement needs. Interest income will accrue to the Maintenance and Operations Fund.

F. RESTRICTED FUNDS

Funds restricted to purchase assets or to fund program costs. These funds become unrestricted when the restriction is satisfied. Interest income accrues to the specific fund.

G. DONATIONS

Donated funds will be placed in the appropriate fund to be designated by the donor.

Related Policies/Forms:

References:

Policy Owner: Clerk of the Board

Approved by: Chief Executive Officer

All revision dates:

09/2016, 11/2015, 01/2014, 01/2012, 02/2010, 06/2007, 02/2006

Attachments:

No Attachments

Approval Signatures

Step Description	Approver	Date
	Harry Weis: CEO	03/2017
	Martina Rochefort: Clerk of the Board	03/2017

Applicability

Tahoe Forest Hospital District

COPY



TAHOE FOREST HEALTH SYSTEM

Origination Date:	11/2014
Last Approved:	11/2014
Last Revised:	11/2014
Next Review:	11/2017
Department:	Board - ABD
Applies To:	System

Post-Issuance Compliance Procedures for Outstanding Tax-Exempt Bonds, ABD-23

PURPOSE:

The purpose of these Post-Issuance Compliance Procedures, established by Tahoe Forest Hospital District (the "District"), is to maximize the likelihood that post-issuance requirements of federal income tax law and continuing disclosure requirements applicable to the various issues of bonds (the "Bonds") are met. The District reserves the right to change these policies and procedures from time to time.

PROCEDURE:

A. External Advisors / Documentation

1. The District shall consult with bond counsel and other legal counsel and advisors, as needed, throughout the Bond issuance process to identify requirements and to establish procedures necessary or appropriate so that the Bonds will continue to qualify for tax-exempt status. The District also shall consult with bond counsel and/or other legal counsel and advisors, as needed, following issuance of the Bonds to ensure that all applicable post-issuance requirements in fact are met. This shall include, without limitation, consultation in connection with any potential changes in the use of Bond-financed or refinanced assets.
2. The District shall determine (or obtain expert advice to determine) whether arbitrage rebate calculations have to be made for the Bond issue. If it is determined that such calculations are, or are likely to be required, the District shall engage expert advisors (each a "Rebate Service Provider") to assist in the calculation of arbitrage rebate payable in respect of the investment of Bond proceeds. The District shall make any rebate payments required on a timely basis including the signing and filing of appropriate IRS forms (e.g., Form 8038-T). Unless otherwise provided by the indenture (or similar document) relating to the Bonds, unexpended Bond proceeds shall be held by a trustee or other financial institution (unless the Bonds are general obligation bonds), and the investment of Bond proceeds shall be managed by the District. The District shall prepare (or cause the trustee or other financial institution to prepare) regular, periodic statements regarding the investments and transactions involving Bond proceeds. The statements shall include a certification of compliance and a summary of information collected by the District.

B. Arbitrage Rebate and Yield

The Chief Financial Officer shall be responsible for overseeing compliance with arbitrage rebate requirements under federal tax law:

1. If, at the time of Bond issuance, based on the District's reasonable expectations, it appears likely that the Bond issue will qualify for an exemption from the rebate requirement, the District may defer taking any of the actions set forth in subsection (2) below. Not later than the time of completion of construction or acquisition of the capital projects financed with proceeds of the Bonds, and depletion of all funds from the project fund, the District shall make, determine, or cause its Rebate Service Provider to determine, whether any of the Bond proceeds qualified for a spending exception or other exception from the rebate requirements. If a rebate exception is determined to be applicable for all of the proceeds of the Bonds, the District shall prepare and keep in the permanent records of the Bond issue a memorandum evidencing this conclusion together with records of expenditure (or other records) to support such conclusion. If the transaction does not qualify for an exception to the rebate requirement, for all of the proceeds of the Bonds, the District shall initiate the steps set forth in subsection (2.2) below.
2. If, at the time of Bond issuance it appears likely that arbitrage rebate calculations will be required, or upon determination that calculations are required pursuant to subsection (2.1) above, the District shall:
 - a. engage the services of a Rebate Service Provider and, prior to each rebate calculation date, cause the trustee or other financial institution investing Bond proceeds to deliver periodic statements concerning the investment of Bond proceeds to the Rebate Service Provider;
 - b. provide to the Rebate Service Provider additional documents and information reasonably requested by the Rebate Service Provider;
 - c. monitor the efforts of the Rebate Service Provider;
 - d. assure the payment of required rebate amounts, if any, no later than 60 days after each 5-year anniversary of the issue date of the Bonds, and no later than 60 days after the last Bond of each issue is redeemed;
 - e. during the construction period of each capital project financed in whole or in part by Bonds, monitor the investment and expenditure of Bond proceeds and consult with the Rebate Service Provider to determine compliance with any applicable exceptions from the arbitrage rebate requirements, including during each 6-month spending period up to 6 months, 18 months or 24 months, as and if applicable, following the issue date of the Bonds;
 - f. retain copies of all arbitrage reports and trustee statements as described below under "Record Keeping Requirements" and, upon request, provide such copies to the trustee; and
 - g. establish procedures to ensure that investments that are acquired with Bond proceeds are so acquired at their fair market value.

C. Use of Bond Proceeds and Bond Financed or Refinanced Assets

The Chief Financial Officer shall be responsible for monitoring the use of Bond proceeds and Bond financed assets:

1. monitoring the use of Bond proceeds (including investment earnings and including reimbursement of expenditures made before Bond issuance) and the use of Bond-financed or refinanced assets (e.g., facilities, furnishings or equipment) throughout the term of the Bonds to ensure compliance with covenants and restrictions set forth in the Tax Certificate relating to the Bonds;
2. maintaining records identifying the assets or portion of assets that are financed or refinanced with proceeds of each issue of Bonds (including investment earnings and including reimbursement of

expenditures made before Bond issuance), including a final allocation of Bond proceeds as described below under "Record Keeping Requirements";

3. consulting with bond counsel and other legal counsel and advisers in the review of any change in use, or potential change in use, of Bond-financed or refinanced assets to ensure compliance with all covenants and restrictions set forth in the Tax Certificate relating to the Bonds;
4. maintaining records for any contracts or arrangements involving the use of Bond-financed or refinanced assets as described below under "Record Keeping Requirements"; and conferring at least annually with personnel responsible for Bond-financed or refinanced assets to identify and discuss any existing or planned use of Bond-financed or refinanced assets and to ensure that those uses are consistent with all covenants and restrictions set forth in the Tax Certificate relating to the Bonds; and to the extent that the District discovers that any applicable tax restrictions regarding use of Bond proceeds and Bond-financed or refinanced assets will or may be violated, consulting promptly with bond counsel and other legal counsel and advisers to determine a course of action to remediate all nonqualified Bonds or take other remedial action, if such counsel advises that a remedial action is necessary. All relevant records and contracts shall be maintained as described below.

D. Record Keeping Requirement

The Chief Financial Officer shall be responsible for maintaining the following documents for the term of each issue of Bonds (including refunding Bonds, if any) plus at least three years:

1. a copy of the Bond closing transcript(s) and other relevant documentation delivered to the District at or in connection with closing of the issue of Bonds;
2. a copy of all material documents relating to capital expenditures financed or refinanced by Bond proceeds, including (without limitation) construction contracts, purchase orders, invoices, trustee requisitions and payment records, as well as documents relating to costs reimbursed with Bond proceeds and records identifying the assets or portion of assets that are financed or refinanced with Bond proceeds, including a final allocation of Bond proceeds;
3. a copy of all contracts and arrangements involving the use of Bond-financed or refinanced assets; and
4. a copy of all records of investments, investment agreements, credit enhancement, arbitrage reports and underlying documents, including trustee statements, in connection with any investment agreements, and copies of all bidding documents, if any.

E. Continuing Disclosure Compliance Requirement

The Chief Financial Officer shall be responsible for maintaining the following Continuing Disclosure items for each issue of Bonds:

1. Annual Reports (send to Dissemination Agent 15 business days prior to the due date of December 31st for the revenue bonds and March 31st for the general obligation bonds):
 - a. Revenue Bonds: Audited financials, licensed beds, historical utilization, age distribution of active medical staff and admission percentage of top ten admitters, capitalization, days cash on hand, and debt service coverage ratio.
 - b. General Obligation Bonds: Audited financials, assessed value of taxable property in the District as shown on the recent equalized assessment role and the Placer County and Nevada County portion of property tax levies, collections and delinquencies for the most recent completed fiscal

- year.
2. Quarterly Reports (Send to Dissemination Agent 10 business days prior to the due dates April 30, July 31, October 31 and January 31):
 - a. Revenue Bonds: Unaudited quarterly balance sheet and statement of revenues and expenditures.
 - b. General Obligation Bonds: None required.
 3. Reporting to Dissemination Agent any of the following listed events within 10 business days of event:
 - a. Reportable Events:
 - i. Principal and interest payment delinquencies.
 - ii. Unscheduled draws on debt service reserves reflecting financial difficulties.
 - iii. Unscheduled draws on credit enhancements reflecting financial difficulties.
 - iv. Substitution of credit or liquidity providers, or their failure to perform.
 - v. Defeasances.
 - vi. Rating changes.
 - vii. Tender offers.
 - viii. Bankruptcy, insolvency, receivership or similar event of the obligated person.
 - ix. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices of determinations with respect to the tax status of the security, or other material events affecting the tax status of the security.
 - b. Material Reportable Events:
 - i. Non-payment related defaults.
 - ii. Modifications to rights of security holders.
 - iii. Bond calls.
 - iv. The release, substitution, or sale of property securing repayment of the securities.
 - v. The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relation to any such actions, other than pursuant to its terms.
 - vi. Appointment of a successor or additional trustee, or the change of name of a trustee.
 4. Maintain the following "best practices" for upholding the continuing disclosure responsibilities, including, in particular:
 - a. Establish written policies and procedures to ensure that the District submits all documents, reports and notices required to be submitted to EMMA/MSRB in a timely manner.
 - b. Review offering documents, including the Continuing Disclosure Certificate, confirm compliance with existing continuing disclosure obligations at the time of each new issue and promptly rectify any continuing disclosure lapses.

- c. Disclose in each official statement any instances during the prior five years of any failure to comply in all material respects with applicable continuing disclosure obligations.
- d. Implement annual training for personnel involved in the bond offering and disclosure process, including familiarity with the significant events described in the Continuing Disclosure Certificate and an understanding of the District's written policies and procedures governing disclosure practices, including continuing disclosure.
- e. Identify an individual or individuals who will be responsible for reviewing and complying with the District's continuing disclosure obligations on a regular basis.
- f. Maintain a complete and accurate record of the District's continuing disclosure undertakings and filings, including electronic confirmation of continuing disclosure submissions.
- g. Develop a calendar reminder system to track annual filing deadlines and requirements.
- h. Consult with counsel as needed to resolve potential issues and address any questions.

F. Education and Training

- 1. The District shall provide responsible staff with education and training on federal tax requirements for post-issuance compliance applicable to the Bonds. The District will enable and encourage responsible staff to attend and participate in educational and training programs offered by professional organizations and other entities with regard to monitoring compliance with federal tax requirements for the Bonds.

Related Policies/Forms:
References:
Policy Owner: Clerk of the Board
Approved by: CFO

All revision dates:

11/2014

Attachments:

No Attachments

Applicability

Tahoe Forest Hospital District